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BUSINESS WEEK

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Danzig — where all Europe had a date.

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OVER 18,000 MORE MEN ON THE PAYROLLS...

● The first Warner & Swasey turret lathe was shipped to the Crane Company, Chicago.

At that time, The Warner & Swasey Company employed 15 men. The Crane Company employed about 1000 men.

For nearly 60 years Warner & Swasey has built turret lathes. The Crane Company has bought scores of these turret lathes, pursuing a policy of expanding its machine tool equipment, replacing their old equipment as more productive machine tools were developed.

For over half a century both The Warner & Swasey Company and The Crane Company have consistently replaced obsolete equipment with more modern, faster machines. Again and again these companies have stepped up the capacity of their plants by the installation of more modern equipment. The number of men employed by these companies has increased year after year until today The Crane Company employs 18,000 men; Warner & Swasey Company employs 1500 men.

It is a significant fact that the payrolls of both of these companies have steadily increased as more and better manufacturing equipment has been installed.

Today these two companies employ nearly 20,000 men. The employment of more and more men has gone forward hand in hand with the replacement of old, inadequate equipment.



YOU CAN TURN IT BETTER, FASTER,
FOR LESS WITH A WARNER & SWASEY

**WARNER
&
SWASEY**
Turret Lathes
Cleveland

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THIS BUSINESS WEEK

Danzig—where all Europe had a date this week, and kept it. Danzig—"the Free City," united now with the Reich. Danzig—the Sarajevo of 1939. The war has seeped through this issue of BUSINESS WEEK from cover to editorial page, finding its way, to some degree at least, into almost every story, foreign and domestic. The highlights are on p. 11—a story about the war's impact on American business, and the cushions which Washington is strategically scattering around to ease that impact; on p. 12—a full-page table showing what Washington can do to and for business in present and future European hostilities; on p. 13—a review of the impact of the war on business abroad; and on pp. 14 and 15—two charts showing what happened to key indexes in 1914, and why things are different in 1939. (Cover picture by European.)

Besides

THERE HAS BEEN A LOT of reshuffling in the ranks lined up to back the Patman chain store tax. What's up—p. 44 . . . Hopeful U. S. vintners start a big promotion drive next week—p. 42 . . . Another beverage gets a boost, as six Latin American countries put \$500,000 behind a coffee drive—p. 33 . . . More news on the 1940 autos—p. 18 . . . They could cruise at 100 m.p.h. on nation-wide super highways if Norman Bel Geddes had his way . . . How he would build our roads—p. 26 . . . Another motorist's dream comes true as gear-shifting is eliminated by liquid drive—p. 46 . . . How the war is easing up a tight labor situation on the Pacific Coast waterfront—p. 50 . . . A labor mêlée that has made the headlines for weeks comes to an end as actors and stagehands manage to reach an agreement—p. 52 . . . If the production-for-use experiment which California is launching makes a go of it, business may see other projects started—"Reliefers Run Plants," p. 22 . . . A Special Report to Executives on BUSINESS WEEK's first ten years, from 1929 to 1939—p. 37.

BUSINESS WEEK • SEPT. 9, 1939 • NUMBER 523

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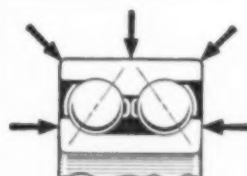
WHY ANTI-FRICTION BEARINGS?



• Modern machine design, encountering combination loads, intensifies the need for truly accurate and permanent location of revolving parts. Yet sound and economical construction in many instances does not indicate the use of two or more bearings to resist both radial and thrust loads.

Designers and engineers meet this situation readily, effectively and economically by specifying the *ball* bearing. For the ball bearing—and only the ball bearing—will properly resist loads from all directions and in all combinations.

For interesting brochure, BW5, "Better Bearings—Better Machinery," write to New Departure, Division of General Motors, Bristol, Connecticut.



TWO JOBS—ONE BEARING

Big advantages in economy of manufacture and machine performance result from the use of the Angular Contact Double Row ball bearing which was originated by New Departure to resist both radial and thrust loads.

Today automobiles, trucks, tractors and machinery of many kinds depend upon bearings developed by New Departure from this original dual purpose "new departure."

NEW DEPARTURE



BALL BEARINGS

Nothing Rolls Like a Ball



NEW DEPARTURE... PIONEERS FOR FIFTY YEARS

Banking for Industry



A TOWER OF STRENGTH

BANKERS TRUST COMPANY

16 WALL STREET, NEW YORK

FIFTH AVE. AT 44TH ST. 57TH STREET AT MADISON AVE.

LONDON: 26 OLD BROAD ST.

Member of the Federal Deposit Insurance Corporation

NEW BUSINESS

Sales Strut

THE CANDY INDUSTRY has designated Saturday, Oct. 21, as "Sweetest Day," and A. B. Hoppe, executive vice-president of Loft, Inc., is chairman of the Sweetest Day committee . . . The slogan for the day is, "Make Somebody Happy."

A group of Hawaiians have organized Hawaiian Marketing Corp., 630 Fifth Ave., N. Y., to market all kinds of Hawaiian products on the mainland.

Julius Kayser & Co., manufacturers of gloves, hosiery, and underwear, are publishing a fashion booklet, "Kaynotes," for the use of retailers.

What's New?

EACH GRAM of Vitamin A concentrate, developed by Biochemical Products Corp., Evanston, Ill., contains concentrations of 1,000,000 natural Vitamin A oils, derived from the livers of various kinds of fish; and the concentrate is crystal-clear and is free from undesirable flavors and odors . . . It's expected to be used widely in the manufacture of foods and pharmaceuticals . . . S. B. Penick & Co., N. Y., are exclusive selling agents.

Silex Co., Hartford, Conn., offers Silex Spray Tea Maker, which has the lower bowl of a Silex glass coffee-maker, a special vented upper bowl, and a spray tube . . . You can regulate the period of infusion to suit your own taste . . . A vent hole in the stem prevents the water from rising until it is at a bubbling boil, when it goes up the tube, and sprays down on top of the tea leaves . . . You can get complete electric and non-electric tea makers; also a special vented upper bowl and a tea spray for use with the present Silex coffeemaker.

Kleenex lipstick-tissue booklets with Lumarith Protectoid laminated covers are being produced by the Package Advertising Co., 230 Park Ave., N. Y. . . . The lamination is done by the Dobeckmun Co., Cleveland . . . Lumarith Protectoid is a product of Celluloid Corp.

Making Money

ROSBORO LUMBER Co., Springfield, Ore., will build a new mill there, "practically the only new lumber mill built in the Northwest in the last 10 years," according to its designer, the Allis-Chalmers Mfg. Co., Milwaukee, which calls it "the most modern lumber mill in the world."

Tiffany & Co., jewelers, will build a new, eight-story home for themselves at 5th Ave. and 57th St., N. Y., at a cost of \$1,000,000 . . . They will move into it in the fall of 1940, and meantime will continue at 5th Ave. and 37th St.

Chris Craft Corp., Algonac, Mich., will soon finish the construction of a new \$300,000 manufacturing unit at Holland, Mich.

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WASHINGTON BULLETIN

WASHINGTON (Business Week Bureau)

—A four-to-five year war, with the United States in it in six months, is the calculation on which every Washington activity—from preparedness to neutrality, from propaganda to industrial coordination—is based. The President hopes to keep us out, but the government is working under his direction as though United States participation beginning some six months hence were a certainty.

The Ways Are Greased

THE ADMINISTRATION believes Hitler's strong-arm policies will force the United States into the war, regardless of the earnest desire of an overwhelming majority of the American people to stay out. So the plan is to get ready for it.

Item 1: The navy and army are being recruited up to greater strength than had been contemplated. Item 2: World war destroyers—116 of them—are being reconditioned. Item 3: War plans for defending Puerto Rico and the Panama Canal have been speeded up. Everything is aimed at training men quickly who can become petty officers when *der Tag* comes.

Just a few incidents like the destruction of the *Athenia*, Administration leaders figure, and it will be 1917 all over again—but with this difference: The ways have been greased so that American participation will come more quickly than it did before.

Lining Up Behind Roosevelt

POLITICAL LINES are wavering, will waver more. Roosevelt may find himself supported—as a War President—by some of his bitterest critics during the last six years.

Speculation as to the repetition of the 1916 election situation is regarded as idle by most insiders. They think the nominations for President next year will come in the midst of casualty lists in which American names may figure prominently.

Sidestepping Special Session

THE preparedness drive doesn't spell an extra session of Congress immediately. The fact is Roosevelt doesn't want Capitol Hill active—yet—much as he deplores the “so-called” Neutrality Act, as he and Secretary of State Cordell Hull refer to it.

Meanwhile, Administration leaders figure sentiment will be fanned by Nazi excesses so that when Congress does meet there will be no long, drawn-out debate over repeal of the mandatory arms embargo.

Arms Production Speeded

EVERYONE on the inside is so sure of the repeal of the embargo that shrewd representatives of the airplane factories which are rushing out planes for France and Britain and advising them to keep production at top speed and store the planes till they can be shipped.

More importantly, plants that have been “contacted” by the War Department about the possibility of conversion into munitions factories will probably begin their production long in advance of any action on the Neutrality Law.

Actually, there is no need for munitions in France and Britain at the moment, but as the war progresses there will be. Plants now producing in France and Britain are adequate—but not all of them can hope to survive severe airplane strafing. So the day will come when American-made munitions will be needed to keep the British and French guns supplied—if not our own.

Counting on a Reaction

MEANWHILE the Neutrality Law will be enforced to the hilt, with the Administration conviction that public opinion against it will boil higher and higher.

Congress will be asked—in January, if not before—to make deficiency appropriations to cover some of the extraordinary expenditures entailed by this policy. For instance, paying for building up the enlisted strength of the army and navy. For instance, reconditioning of old U.S. destroyers. For instance, the patrol of several hundred miles of ocean east of the Atlantic coast—including the West Indian waters.

“If and When”

NATIONALIZATION of the electric industry is virtually No. 1 on the must list of war powers—if and when war comes. But the Corcoran-Cohen team are not planning to follow precisely the pattern set by the railroad seizure of 1918. They figure on complete government operation from the time of the seizure on.

Utility officials, aware of the plan and afraid it has Roosevelt's enthusiastic approval, are hoping that Congress will be tough about handing out this particular war power, basing their hope on the revolt against the “7 TVA's” and the trimming that the TVA bond issue bill got last session.

No Short End for Short Lines

REMEMBERING AN OMISSION in the original act by which the government took over the railroads in the World War—an operation on which they claim Uncle Sam still owes them \$5,000,000—representatives of the short line railroads

promise that there will be no nationalization of the rail lines this time unless they get a square deal.

Incidentally most of them are hoping that the 1918 “experiment” will not be repeated, if and when the U. S. gets involved. This goes for the big roads as well, receiverships or not.

Resent Garner Buildup

YOU WOULDN'T BELIEVE how jealous these political prima donnas are, but actually Hollywood has little on Washington.

For example, the friends of Paul V. McNutt think it was terrible for Jesse Jones to let the Washington correspondent of his Houston newspapers sign a story explaining why John Nance Garner would make the best President the country ever had. After that mild beginning, incidentally, the correspondent gradually warmed up, until toward the end he seemed to be really enthusiastic.

Jesse's defense is he was out of town and had no notion what the scribe was doing. But he doesn't seem angry.

Pressure for Low Rents

CONVINCED that large-scale rental projects offer a practicable solution to the housing problem, the Administration is having difficulty in persuading promoters that rents must be lower than proposed, both to reach the market and to make sound long-term investments.

Large-scale developments financed under the Federal Housing Administration's insured mortgage system are languishing because FHA is rejecting new projects involving monthly rents that exceed \$17 per room per month. Insurance companies are inclined to string along with FHA on the low rental theory, but most builders are leery.

A minor obstacle to activity is the Congressional dictum that prevailing wages must be paid on the big rental projects. This isn't too important, for nearly all are union built anyway, but it's just a sample of the red tape that has probably scared off some builders.

Speed Canal Enlargement

CONSTRUCTION of additional Panama Canal locks at a cost of \$277,000,000 authorized by Congress advances by 15 years the date when it seemed they would be needed for commercial traffic.

The outlay, beginning with \$15,000,000 next year, will rise to a peak of \$65,000,000, to complete the job in six years.

To reduce the hazard from air bombardment, a by-pass plan has been adopted by which the new locks will be placed at least a quarter of a mile from the present ones.

IN CONTINUOUS
SERVICE FOR
15 YEARS
—AND STILL
GOING STRONG!



NEIL R. MESSICK, Manager of Hotel Nicollet, (picture above) also says: "We receive many compliments on our ventilation and air conditioning. I feel that our Clarage equipment has helped us immeasurably in building good-will and increased patronage."

"ALL OF THESE CLARAGE
VENTILATING AND AIR CONDITIONING
UNITS HAVE OPERATED
SATISFACTORILY AT A
VERY LOW
MAINTENANCE COST!"

DOES IT PAY to install Clarage Air Handling and Conditioning Equipment? The answer is found in the accompanying letter from Hotel Nicollet—or ask your architect or engineer, men who know!

Yes, it's such performance as Hotel Nicollet has experienced—and on thousands of other jobs as well—which makes Clarage a first choice wherever dependability and expense-free operation are primary considerations.

If you need equipment for air conditioning your plant, office, store, hotel, or theatre—mechanical draft apparatus—fans or blowers for industrial services—we suggest you dial our branch office telephone number in your city, or write us at Kalamazoo.

CLARAGE FAN COMPANY—KALAMAZOO, MICH.
SALES ENGINEERING OFFICES IN ALL PRINCIPAL CITIES



HOTEL NICOLLET
MINNEAPOLIS, MINNESOTA
OFFICE OF NEIL R. MESSICK, MANAGER

May 9, 1939

Clarage Fan Company,
Kalamazoo,
Michigan

Gentlemen:

The new Hotel Nicollet, in Minneapolis,
was opened in June 1924.

Prior to the opening, there had been installed three fresh air Clarage Fans and Clarage Air Washers with a capacity of 83,000 cubic feet of air per minute, and five Clarage Exhaust Fans with a capacity of 79,000 cubic feet per minute.

All of these Clarage ventilating and air conditioning units have been in use continuously from the date of opening until the present time and have operated satisfactorily at a very low maintenance cost.

Cordially yours,

Neil R. Messick
Neil R. Messick,
Manager

NRN:DW

ARCHITECTS:
HOLABIRD &
ROOT,
CHICAGO, ILL.

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FANS and BLOWERS
for
INDUSTRIAL NEEDS**



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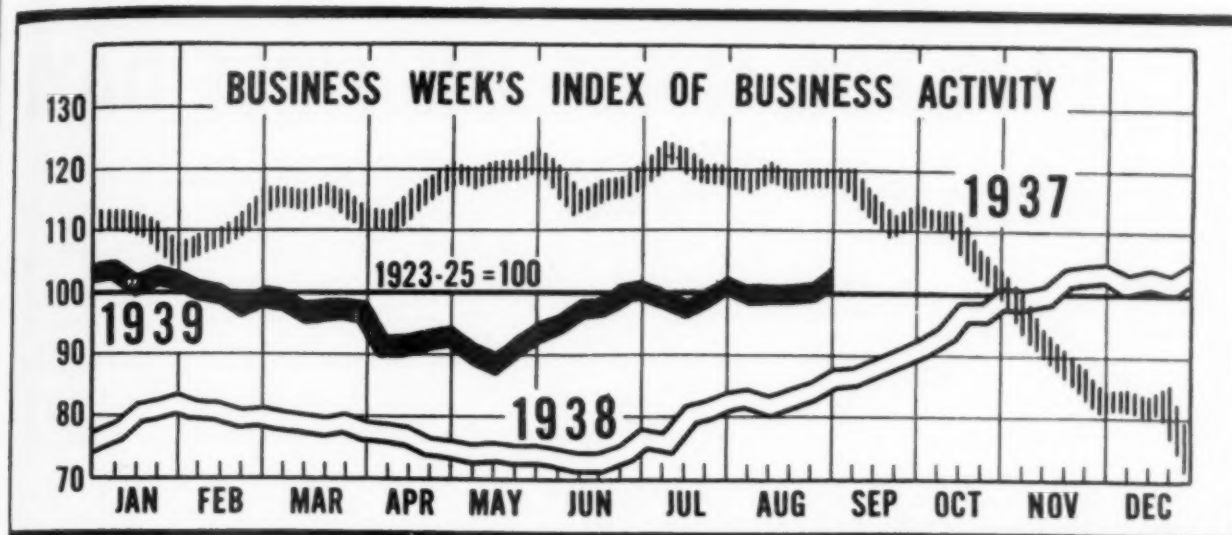
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THE FIGURES OF THE WEEK



THE INDEX

PRODUCTION

	Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
★ Steel Ingot Operations (% of capacity).....	58.6	63.0	60.1	55.1	39.9
★ Automobile Production	25,240	17,465	28,250	78,705	22,165
★ Residential Building Contracts (F. W. Dodge, 4-week daily average in thousands).....	\$4,493	\$4,407	\$4,520	\$3,592	\$3,390
★ Engineering Construction Awards (Eng. News-Rec. 4-week daily av. in thousands).....	\$10,492	\$10,989	\$8,660	\$10,248	\$8,628
★ Electric Power Output (million kilowatt-hours).....	2,357	2,355	2,325	2,244	2,149
★ Crude Oil (daily average, 1,000 bbls.).....	2,283	1,691	3,909	3,315	3,349
★ Bituminous Coal (daily average, 1,000 tons).....	1,280	1,236	1,230	1,453	1,089

TRADE

★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	70	69	68	62	66
★ All Other Carloadings (daily average, 1,000 cars).....	45	44	42	36	37
Check Payments (outside N. Y. City, millions).....	\$3,629	\$3,612	\$4,412	\$4,462	\$3,522
Money in Circulation (Wednesday series, millions).....	\$7,141	\$7,098	\$7,054	\$6,739	\$6,503
Department Store Sales (change from same week of preceding year).....	+3%	+6%	-1%	-5%	-14%

PRICES (Average for the week)

Spot Commodity Index (Moody's, Dec. 31, 1931=100).....	154.4	140.9	140.8	145.2	143.2
Iron and Steel Composite (Steel, ton).....	\$35.98	\$35.98	\$35.90	\$36.38	\$36.50
Scrap Steel Composite (Iron Age, ton).....	\$15.62	\$15.62	\$15.42	\$15.17	\$14.42
Copper (electrolytic, Connecticut Valley, lb.).....	11.000c	10.500c	10.479c	11.250c	10.125c
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.67	\$0.67	\$0.67	\$0.69	\$0.67
Sugar (raw, delivered New York, lb.).....	3.44c	2.91c	2.85c	2.79c	2.95c
Cotton (middling, New York, lb.).....	9.09c	8.98c	9.56c	9.10c	8.24c
Wool Tops (New York, lb.).....	\$0.947	\$0.858	\$0.872	\$0.864	\$0.810
Rubber (ribbed smoked sheets, New York, lb.).....	19.90c	16.73c	16.67c	16.73c	16.19c

FINANCE

Corporate Bond Yield (Standard Statistics, 45 issues).....	5.94%	5.61%	5.63%	5.51%	5.84%
U. S. Bond Yield (average of all issues due or callable after twelve years).....	2.33%	2.27%	2.14%	2.39%	2.52%
U. S. Treasury 3-to-5 year Note Yield.....	0.68%	0.53%	0.42%	0.56%	0.74%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{1}{2}$ - $\frac{3}{4}$ %	$\frac{3}{4}$ %
Business Failures (Dun & Bradstreet, number).....	205	221	208	214	235

BANKING (Millions of dollars)

Demand Deposits Adjusted, reporting member banks.....	18,096	17,835	17,462	15,965	15,388
Total Loans and Investments, reporting member banks.....	22,442	22,340	22,244	21,594	20,861
Commercial and Agricultural Loans, reporting member banks.....	3,996	3,938	3,887	3,773	3,886
Securities Loans, reporting member banks.....	1,127	1,157	1,181	1,322	1,269
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks..	10,851	10,807	10,756	10,162	9,444
Other Securities Held, reporting member banks.....	3,382	3,385	3,322	3,246	3,147
Excess Reserves, all member banks (Wednesday series).....	4,800	4,740	4,460	3,382	2,941
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,448	2,441	2,476	2,586	2,585

STOCK MARKET (Average for the week)

50 Industrials, Price Index (Standard Statistics).....	118.8	106.3	114.6	124.9	122.2
20 Railroads, Price Index (Standard Statistics).....	27.1	25.9	28.3	33.0	28.3
20 Utilities, Price Index (Standard Statistics).....	65.6	67.6	72.4	72.1	58.2
90 Stocks, Price Index (Standard Statistics).....	94.0	89.1	94.6	102.1	97.1
Volume of Trading, N. Y. Stock Exchange (daily average, 1,000 shares).....	3,131	1761	651	847	606

★ Factor in Business Week Index. * Preliminary, week ended Sept. 2nd. † Revised. § Date for "Latest Week" on each series on request.

WHERE THE "RIGHT EQUIPMENT" PAID FOR ITSELF THE FIRST DAY!

PROBLEM—A prominent manufacturer of automobile parts uses in his plant a six-operation-sequence punch press. Periodically, trouble was experienced because a part would stick on the ram of the press, the feeding mechanism would automatically place a second part under the same ram, and when the ram came down on the double thickness the expensive die would be damaged.

SOLUTION—Six G-E photoelectric relays were installed to watch each of the six operations and to stop the press before the second operation, should any part stick on its ram.

RESULTS—The first day this equipment was in operation a part stuck on its ram. The relays automatically stopped the press. The customer stated that the price of this G-E protective equipment was about one-half of what it had cost on a previous occasion to repair the die. In other words, this equipment more than paid for itself in repair savings alone, the first day it was operated, not to mention the gain from uninterrupted production.

SUGGESTION—Perhaps there is an opportunity somewhere in your plant for you to make an astonishing saving through the installation of the right equipment necessary to do the job. So why not start a *new* search NOW to uncover these opportunities? General Electric engineers are always glad to work with you or with your consulting engineers in helping you toward greater profits through the best utilization of the latest electric equipment. General Electric, Schenectady, N. Y.

Any reputable equipment will operate—but you obtain the greatest profits possible *only* when the correct equipment is skillfully applied to *your* job.

THIS IS NO. 90 IN A SERIES RELATING SOME OF THE OUTSTANDING RESULTS OBTAINED BY THE PROPER APPLICATION OF THE LATEST DEVELOPMENTS IN ELECTRIC EQUIPMENT.

GENERAL  ELECTRIC

040-66

September 9, 1939

THE BUSINESS OUTLOOK

Business makes quick adjustment to "certainty of war," as purchasing agents push forward buying to guard against delayed deliveries. Price advance gives recovery powerful impetus, but pace suggests caution.

WAR THIS WEEK gave business a new forward momentum and a new environment—and proved the old stock market saying that bad news is better than uncertainty. Faced with actual fighting in Europe, business men immediately adjusted themselves to a positive state of affairs. The result was an immediate rise in stock and commodity markets. Instead of cancellations of orders, withdrawal of contracts, and a refusal to make new commitments, there was a surprisingly heavy demand for raw materials and manufactured articles alike; instead of "freezing," business and the markets actually thawed out.

Spontaneous Reaction

Apparently there was spontaneous acceptance of the view that "actual war can give business an upward impulse"—as stated in this department three weeks ago (BW—Aug 19 '39, p 13). The reaction was both logical and psychological. European developments had forewarned business men of war, and it was the uncertainty that was disturbing. Certainty changed the entire mode of thought, called for decisive actions, not indecisive speculations on the consequences of war or of peace.

Markets Vulnerable

The gains in commodity prices were based on forward buying, as purchasing agents sought to anticipate and guard against (1) delayed deliveries and (2) price advances. And as a result of these sharp advances, it follows that the markets will be vulnerable to sudden reactions—just as during the World War there were intermittent breaks in the upward trends. Though purchasing agents were buying for actual business requirements for three months or so ahead (and were considering themselves conservative), they were also doing a bit of speculation on the possibility that this country might get into war.

Any sober analysis of the situation must take this speculation into account, must recognize that the markets are going to slow up and suffer setbacks. For business will not move up from here

in a straight line, despite the signal of the stock market. The advance in commodity prices has been a definite boon to the farmer, it's true, and the addition to agricultural purchasing power will widen the periphery of recovery. To date, with farm prices low, the recovery has been somewhat lopsided. But the danger now is that the business man in the flush of enthusiasm may become incautious, may count too heavily on a rapid expansion. Forward buying—after all—means just that much less buying later on.

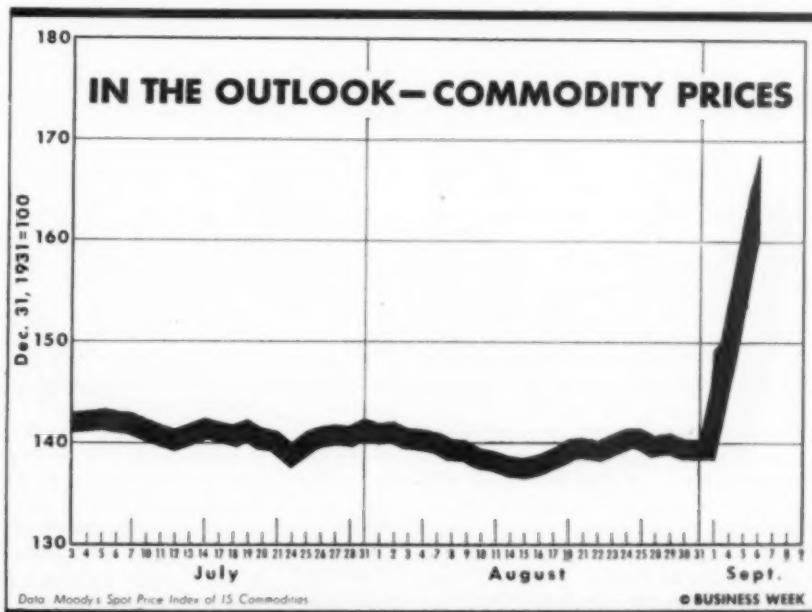
Operations Will Step Up

The immediate effect, however, is to create new orders and to cause industrial operating rates to increase. In New York City, Worth Street had one of its biggest days in history on Tuesday, as orders poured into its textile houses, and many

mills withdrew from the market. In steel centers, there were reports of substantial inquiries from foreign countries. And in Cleveland, the National Machine Tool Builders Association called off its tool show because the industry is already booked up and the companies "cannot afford the time of key men for the show." Flour mills couldn't hedge wheat contracts, refused forward orders. Over the next few months therefore, the pace of recovery should quicken; indeed, it is possible that there will be a jam-up in production—particularly with the automobile industry now ready for full schedules on 1940 models. There is a virtual certainty of a shortage of skilled workers just as in 1937.

Confidence in Recovery

The base apparently has been laid for further extension of the advance in business. Already, railroadmen are discussing plans to meet emergencies. That means, in all probability, an increase in equipment orders and maintenance expenditures. What has happened is that business sentiment has turned around overnight, from hesitancy to confidence in



War this week ripped the sensitive commodity-price index out of a two-year trading range between 130 and 150. The declarations of war caused

purchasing agents to anticipate price rises, to buy ahead. After the fast pace of the first flurry, there was a definite slowing up later in the week.

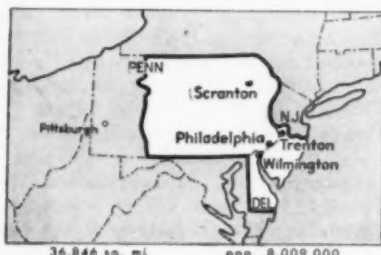
recovery. And with excess reserves of banks and demand deposits at all-time highs, it is apparent that business will be able to get credit, if needed. Indeed, in the last few weeks, commercial loans have increased, suggesting that there already had been some anticipation of needs.

For a while, however, markets are apt to be a bit hectic and jittery. Prudent

policy would suggest that stock-taking is in order before individual business men go in for building up inventories beyond reasonable near-term requirements. The markets will still be there tomorrow; and with this country's vast productive capacity, it is improbable that commodity prices can run away for very long. It was urgency, rather than scarcity, that sent prices skyrocketing this week.

As a direct result of advances in commodities, retail prices will have a tendency to go up, and so will the general cost of living. In time, business men can expect demands for increases in wages and rates. And with the country more strongly unionized than in the 1914-1917 period, the bargaining power of labor organizations will prove to be much more effective.

The Regional Business Outlook



PHILADELPHIA—The optimism that prevails in manufacturing centers in this diversified area is understandable. For the last several weeks, despite the unfavorable influence of war scares, new orders have been coming in fairly steadily to both non-durable and durable goods plants. But the optimism that persists in retail circles is not so easily explained.

Retail Trade Paradox

Despite a fairly steady improvement in employment and payrolls since the first of the year, department store sales, as reported by the Federal Reserve Bank of Philadelphia, have been decidedly laggard. Currently they are running 3% under the levels of January on a seasonally adjusted basis.

What's happened apparently is that the expansion in buying power has gone into purchases of durable consumers' goods to a large extent—automobiles, refrigerators, furniture, washing machines, and such sales are not fully reflected in the department store figures.

Currently, the heavier goods industries continue to be the chief factor in taking up the slack in employment—which is to be expected in the current phase of recovery (*BW—Aug 12 '39, p14*). In Altoona, for instance, the Pennsylvania Railroad's program of reconditioning 100 passenger coaches has maintained employment at a high level in recent months; in Chester, Bethlehem Steel's shipbuilding division is active, and probably more business will be coming in—with war in Europe and the government's armament program.

Merchants in this city, incidentally, expect that the bull market in Wall Street will help their business. People here are active investors and when stocks rise they "loosen up."



CHICAGO—This week's explosive rise in commodity prices provided this Reserve district with the biggest fall stimulant it's had in a decade. Merchants who a month ago were fearful of overoptimism (*BW—Aug 12 '39, p14*), are now counting on good business over the next few months.

The unexpected price windfall to the farmer will improve general retail sales throughout this territory, while the jump in hog and cattle prices is a special boon to the meat packing industry, which had been confronted with inventory losses. The expansion in farm income also should increase sales and collections of agricultural equipment companies, and if Europe becomes dependent on American cereals—as in 1914-18—there is likely to be a boom in implement sales over the longer term.

Detroit Busy on Autos

Immediate key business factor is the automobile industry, which is rapidly stepping up production. This will keep Detroit steel mills busy, as well as numerous parts suppliers throughout this area. The Chicago steel rate—at 54% of capacity—is below the national average, but the stock market seems to foreshadow a quickening of the industrial tempo, and any general expansion would undoubtedly produce a rise in demand for railway equipment in and around this city. Not only would that boost employment in equipment plants, but it would affect steel and numerous parts industries.

Merchandisers are particularly pleased by the timing of the commodity price rise—after they had bought their fall stocks, but before they had sold them. Now, if they decide to mark up prices, they'll reap better than-average profits.



SAN FRANCISCO—The outbreak of war in Europe changed the complexion of things to come in this region. Last week business men were still pretty much worried about the ham and eggs pension scheme and the possibility of a serious maritime strike the end of this month. But this week, they're much more interested in the effect the rally in commodity prices will have on farm purchasing power.

Livestock Lift

Right now wheat is being harvested, which means an immediate flow of cash to farmers. Cotton also is coming in, but there's been some trouble selling southern California's long-staple fiber in recent years; maybe the war will create a special demand for this special grade. But the big lift to income here will come from livestock, prices of which have bounced up in all leading markets. Cattle, hog and sheep ranchers will benefit directly—in Utah, Nevada, Idaho, Arizona, Washington, Oregon, and this state.

Department store sales in August held at July levels, yet merchants "talk" of a 10% rise in fall sales—probably because of general business conditions, rather than specific indications of a popular urge to buy. Canners have worked off excess inventories, prices are firm now, and operations are running along at the 1938 pack's level. Possible heavy demand for canned goods for armies may stimulate prices of fruits and vegetables, and jog canning activity. Lumber output has risen on direct demand from Great Britain.

The rise in the price of copper will add to employment and payrolls as mines here increase operations to meet war demands.

The Regional Outlook surveys each week three of the twelve business areas of the country.

War Makes It Sellers' Market

And business makes over-night change as 1939 shows sharp contrasts with 1914. Washington turns from planning a rescue to talking of controls.

FIRST LESSON of the European war for American business: 1939 isn't 1914.

Business men in their offices, government men in Washington, and exchange men in Wall Street dealt this week with the unexpected. As the impact of war was felt in domestic trade, in foreign trade (page 13), and in the securities and commodity markets (page 54), the first problem was not how to stem a wave of liquidation but how to protect business from a rise in interest rates. The Federal Reserve found itself buying government bonds to check their decline, as investors and speculators shifted from fixed-interest securities to common stocks.

The difference between 1939 and 1914 (pages 14-15) was most evident on the New York Stock Exchange. Last Tuesday morning, long before the gong sounded for the opening of trading, the Big Board's governors gathered to consider what action they might have to take to meet conditions arising from the actual outbreak of war.

Within the next few minutes, they saw there was to be one of the wildest bull openings in the history of the exchange.

Seize Money-Making Chance

American investors, who long had shunned stocks despite rising prosperity, had decided en masse that this was the time to climb aboard. Thus domestic economy—and the markets which mirror this economy—far from suffering a crushing blow from the outbreak of hostilities, actually benefited markedly from the end of uncertainty. The New York Stock Exchange and the Securities and Exchange Commission, instead of having to take emergency action to avert panic, were left to ponder the possibility that the boom might get out of hand to the detriment of domestic business.

SEC representatives, who had been sitting for a fortnight in brokers' offices and with the Stock Exchange's officials to help out in case of wholesale selling, turned their attention to the possibility of illegal bull manipulation. That's about the only thing that the SEC figures it has a right to regulate in such a market.

As this week's markets pulled back and forth under the impetus of frenzied buying of "war babies" and the impact of enormous profit-taking, the authorities were able to find little indication of market rigging.

Nevertheless, there were many serious economists in Washington and Wall Street who felt that the splurge in

stocks and the general run-away in commodity prices might be unhealthy. They see a variety of factors which may unbalance business.

For example, while most major nations were caught napping in 1914, now all Europe has built enormous stock piles of foods, war implements and war materials. And the United States government already is talking about preventing "profiteering"; Attorney General Murphy is at work on legislation either to control prices or to slap new taxes on profits. These factors must be considered along with the obvious impediments which war imposes upon shipping, the difficulties which may be experienced in arranging credits if the war is prolonged, the British and French curbs on imports, and the existence of large surpluses of many vital commodities such as wheat. Hence, there was little surprise

in well-informed quarters when stock prices encountered difficulty in maintaining Tuesday's break-neck pace.

Meanwhile the machinery for handling the effects of European war on business is being set up.

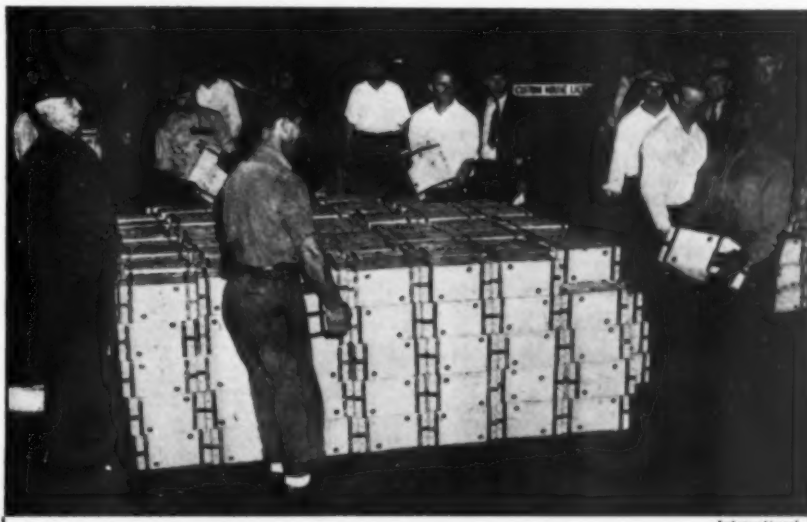
Despite conscientious efforts in Washington and in the major business centers, little could be done in advance because nobody could do more than guess what developments actually would be. And, even now, things are mostly in the discussion stage.

New "Dollar-a-Year Men"

Some tangible things have developed, however. Secretary Morgenthau has followed the Federal Reserve's appointment of banking committees by naming a new advisory group for the Treasury. Members: W. Randolph Burgess, vice-chairman of New York's National City Bank; Tom K. Smith, president of the Boatmen's National Bank of St. Louis; and Earle Bailie, New York investment banker. These, along with groups like the War Resources Board, are the new dollar-a-year men.

Banking committees, so far, have been relied upon chiefly to exert their influence to prevent dumping of investments. They apparently have been largely successful in talking New York banks out of selling

A Headache for the U. S. Treasury



These inobnoxious-looking square cases are just another addition to the Treasury's gold problem. They arrived on the S.S. *Washington* from England, will ultimately find their way into this country's gold stocks, which now amount to \$16,600,000,000—well over 60% of the world's available supply. Each time gold comes here, it gives the Treasury a headache. The more gold this country gets, the less other nations have, and therefore the less interested they are likely to be in seeing full restoration of

a free gold standard. But the Treasury can't stop buying gold, for then the bottom would drop out of the market for metal, and this country would immediately take a terrific beating on its hoard. So what it comes down to is that the Treasury must continue to buy gold at \$35 an oz. In so doing, this country is in effect exchanging goods and services for a metal which, when the war is over, may lose its present-day caste as the medium for settling international balances.

Washington, Business, and War

What Controls Have Already Been Instituted and What the Rules Might Be If War Drags On

Price Control—The existing National Defense Act, a broad and handy piece of legislation enacted in 1916, confers large powers on the President to regulate production and prices. He can exercise these powers "only in time of war" —or "when war is imminent." A lot of governmental theorists figure that war for us is imminent enough to justify an excursion into price-fixing now. Not so, says Attorney General Murphy. Before trying to prevent "profiteering," he says the President has instructed him "to take appropriate action." This means Murphy will be ready with a draft of legislation when Congress meets.

Shipping—American flag ships now handle 30% of our foreign trade, are equipped to carry almost the full normal volume. About 400 ships are in commission, another 100 can be repaired, and 83 are being built. The war will impel Congress to give the Maritime Commission plenty of cash, and new keels will be laid at a great rate. Meanwhile, our merchant ships will not go sneaking into foreign ports in the dark. The Maritime Commission suggests that there should be no blackout, no zigzagging. Sailing dates will be published as usual, and there will be no naval convoys.

Neutrality—By invoking what he terms the "so-called" Neutrality Act, the President has undertaken to ban all exports to combatants of all arms, ammunition, and war equipment. This embargo includes airplanes and parts, both civil and military, war vessels of all kinds, and armor plate, as well as all the obvious implements of war and some not so obvious ones—gas and explosives like monochloromethylchloroformate and pentaoxytrithetetarnitrate, for instance.

Exports—The Neutrality Act, of course, does not interfere with trade in a wide range of articles and raw materials which feed and equip armed forces and civil populations. In these—and they comprise the backbone of normal trade—the only limitations will be: (1) The availability of cash and credit and (2) the ability to run blockades.

So far as credits are concerned, the Johnson Act prohibits outright loans to delinquent World-War debtors. However, Jesse Jones, federal lending administrator, thinks there are ways around the Johnson Act short of repeal. The Reconstruction Finance Corp. and its subsidiary Export-Import Bank are private corporations which, says Jones, can make loans or guarantee credits to private corporations or individuals abroad. The bank has a capital stock of \$46,000,000, is backed by the RFC's half billion of capital and almost unlimited borrowing power.

Activities of the E-I Bank in lending to foreign governments to finance sales of American farm commodities are familiar enough. The fact, however, that it has been extending loans, many under \$50,000, to individuals has not heretofore been generally known. Commercial banks

can get in on these loans without shouldering all the risks usually inherent in war by getting the E-I Bank's guaranty on credits, as was done in the recent arrangement to sell 250,000 bales of cotton to Spain.

Before Britain and France, the two obvious combatant customers for our goods, need even think about credits, they have cash and investments in this country totaling upwards of \$3,000,000,000.

Industrial Mobilization—No more appropriations are needed immediately for the government's activities as a result of war in Europe, but there's already plenty in the kitty for industry in the \$2,000,000,000 Army and Navy expansion program. Insignificant now in dollars and cents, educational orders for developing mass production of technical munitions total \$14,250,000 this year. They will be extended both in number and amount next year, according to War Department plans.

The government also is beginning to accumulate stock piles of strategic war materials such as manganese, tin, tungsten, and chromium, a normal supply of which may be interrupted by obstruction of sea lanes. Although \$100,000,000 has been earmarked, only \$10,000,000 was actually appropriated by Congress.

Aviation—Apparent impact of the embargoes imposed under the Neutrality Act falls heaviest on aircraft manufacturers who still have large unfilled orders for France and England. However, the export ban slapped on aircraft isn't as serious as it looks. Contracts with France and Britain call for manufacture, not delivery abroad. So manufacturers are going ahead full tilt and will warehouse the planes or deliver them to agents. Foreign nations have contracted to pay and must take their own chances on delivery. The embargo covers only the exportation of planes; it has nothing to say about sales. Existing contracts for war materials which don't carry clauses relieving manufacturers of the responsibility for delivery must be arbitrated between the contracting parties.

Radio—The people of the United States as embodied in their government own the ether waves in fee simple, and the Federal Communications Commission can take over the broadcasting business or any part of it whenever it wants to. However, no such stringent action is likely, even to control short-wave stations about which the government is most worried lest they broadcast information that might give aid and comfort to a belligerent and hence violate our neutrality.

Radio can take a hint, and when White House sources implied that it might be necessary to teach it some manners, a "cleanup" got under way fast. Station operators kept the more far-fetched rumors off the air, toned down their columnists, identified the source of broadcasts clearly, and took frequent note of the fact that news was censored.

Wireless and cable communication will be subjected to precautionary measures, such as restrictions on use of code.

Credit Control—The U. S. Treasury through its various trust funds can buy or sell government bonds to ease or tighten credit. The Reserve Board also can pursue the same policy; in addition, it can lower or raise reserve requirements of member banks. Still vested in the Reserve is the power to increase or decrease the rediscount rate, which could be used if credit flows too freely; but interest rates would have to rise considerably before exercise of this power would be in order. As a further control measure, the various examining authorities—Federal Reserve, Federal Deposit Insurance, Comptroller of the Currency, state banking departments—could ease or tighten lending requirements and bond portfolio regulations.

Stock Market—The Securities and Exchange Commission has turned from worrying about a collapse in stock prices to wondering just how healthy the boom is. However, the commission has little inclination to try to regulate legitimate buying, will keep its eye peeled for market rigging. Most effective weapon against too rapid rise is Federal Reserve's control over margin requirements. There is no present indication that these will be raised and Reserve Board Chairman Eccles asserts the market is so much a cash affair anyhow that effect of a boost would be limited.

Foreign Exchange—The stabilization fund of \$2,000,000,000 and almost unlimited authority are available to the Treasury in continuing to cooperate with England and France in the effort to maintain desired relationships between the currencies of the three countries. The long-range problem is one of not letting the pound and the franc—and the currencies tied to them—get so much cheaper than the dollar that sales of our goods suffer.

Agriculture—Sec. Wallace expresses no present intention of modifying the present acreage program for next year, but both he and his colleagues are very much worried that farmers will drop crop control out of the window under the impetus of the sharp rise in commodity prices. First indication of what is going to happen will be had when the government counts up the number of acres planted to winter wheat.

In Case We Get In—Paper plans are on tap for consideration by Congress to put the country on a war economy, but, so long as the object is to maintain neutrality, President Roosevelt is not looking to any legislation other than revision of the Neutrality Law. Crossing the bridge from peace to war would bring to the front various measures for control of industry by establishing priorities in the flow of materials, price control, commandeering of materials and requisitioning of plants, licensing of exporters and importers, taxation of excess profits.

their government bonds, but it has been beyond their power to avert a bad market in Treasury issues.

Banks Liquidate Bonds

It was obvious enough that investors, the country over, were determined to get out of fixed-income investments such as high-grade bonds, and into things with more speculative appeal. Moreover, banks and other institutions expect an expansion in business to result in higher interest rates and, as a result, they have been liquidating bonds.

The volume of such liquidation was strikingly demonstrated last Tuesday and Wednesday. Trading in U. S. government issues on the New York exchange totalled \$48,900,000 and \$72,300,000,

respectively, the largest ever recorded.

Usually the unlisted market accounts for ten times the Big Board transactions in government bonds. Thus it is likely that \$500,000,000 in Treasury issues was sold on Tuesday and at times the Federal Reserve (acting for Sec. Morgenthau) was the only buyer.

The Reserve succeeded in averting a wide-open break, but the drop of as much as a full point was a pretty drastic one for government bonds. Interesting is the fact that this enormous liquidation took place at a time when dealers had been ordered to report the names of all sellers and their reasons for selling; also when the Reserve banks had emphasized the fact that they would discount non-member as well as member bank holdings at par.

because practically all exporters were quoting prices in dollars and demanding cash in New York, and almost all buyers were prepared to meet these conditions. Credit terms for Latin America and the Far East have not yet been changed by the developments of the last 10 days. High freight and war risk insurance rates are having a dampening effect on normal business with neutral European markets, but purchasing by the belligerents is being done on the basis of necessity, and Britain and France are preparing to handle their own deliveries. The cancellation of some orders by Europe is more than counterbalanced by potential new business from other markets where the belligerents are not expected to be able to maintain their shipments.

License Plan Will Affect Exports

Next to the warning on credit and delivery arrangements, export executives this week were most concerned with the import license system inaugurated by both France and Great Britain which requires a permit for any listed item. In neither country is this expected to cut very seriously into normal business for the present. But as the war continues, luxury items or substitutes which can be produced at home will gradually be embargoed in order to save foreign exchange. Even now, exporters are warned to make no shipments of the listed items without first having the proper import license from London or Paris. This formality will be rigidly enforced at once.

In banking circles the British pound is expected to be held for the present at somewhere near the current level, which is fluctuating between \$4.02 and

Trade Responds to the War Spur

Credit and delivery arrangements are exporters' chief worries as the world turns to U. S. for goods. Japanese and Latin American market prospects bright.

PROMINENTLY DISPLAYED in a New York newspaper this week was this advertisement:

WAR TRADE ANNOUNCEMENT

New York office of old established British house desires to contact American manufacturers and producers of necessary goods, materials, and commodities not affected by the Neutrality Act. Payments in New York. All communications confidential.

This is typical of the way business on both sides of the Atlantic is plunging into war trade with few of the delays and upsets which characterized the first war weeks in 1914.

Cables and transatlantic telephones have been busy all week. British authorities are reported already to have arranged through New York for the purchase of 40,000,000 lb. of South American tinned beef, though there is as yet no Allied purchasing mission in this country.

Importers of all kinds of manufactured goods in Central and South America have kept the wires to New York busy all week with requests for items which they are no longer able to secure from Europe, particularly from Germany and southeastern Europe (page 57).

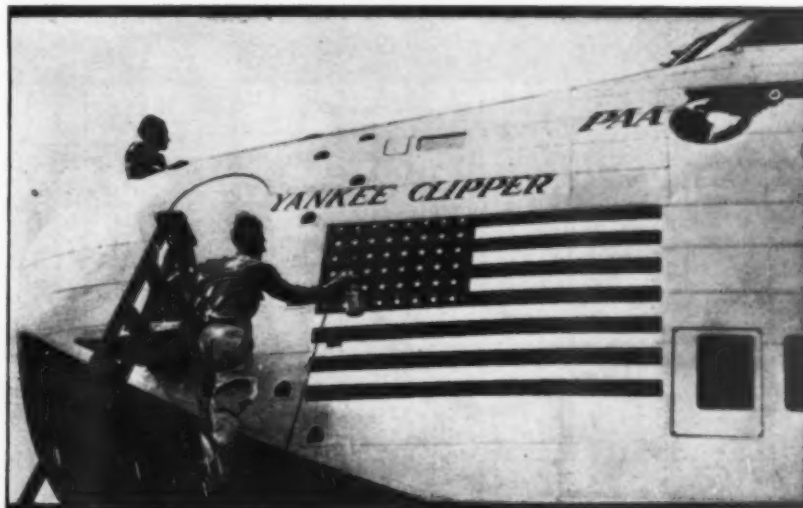
Business from Nippon

A Japanese buying agent who was in the United States on his way to Germany when war was declared has opened negotiations with American machinery manufacturers for equipment which he wants for a large new automobile and truck factory in Manchukuo. His original plan was to equip the new factory with German machines, bought as part of a big two-way trade deal which Japan had negotiated with Berlin early this sum-

mer. Exporters generally believe that Japan is already making a turnaround in its relations with the United States and, despite the threatened trade break with this country, will soon be seeking big stocks of raw cotton and of American and Canadian wood pulp which Nippon may no longer be able to secure from the Scandinavian countries.

Ways of handling credit have not yet shaken down to the new situation, but as far as European business was concerned this was having small effect this week,

Pan American Takes Precautions

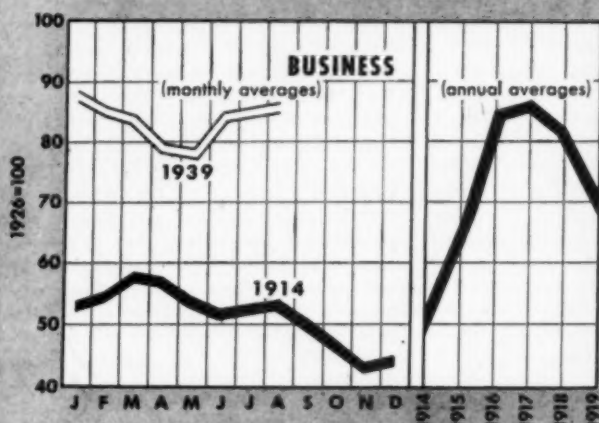


Pan American Airways flies a troubled world these days, and to safeguard its planes against attacks, while they continue in international

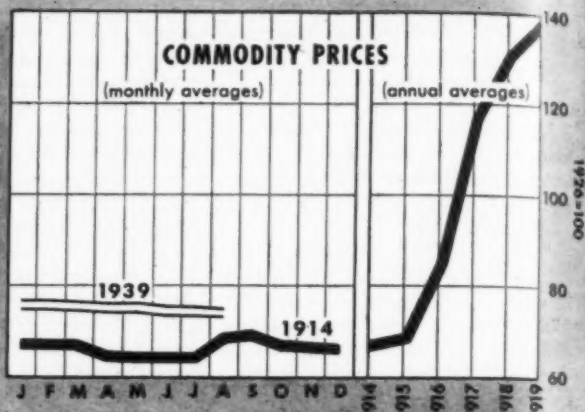
service, Pan American is decorating them with the Stars and Stripes. The Maritime Commission has now warned naval vessels to do likewise.

WAR AND THE BUSINESS MAN-

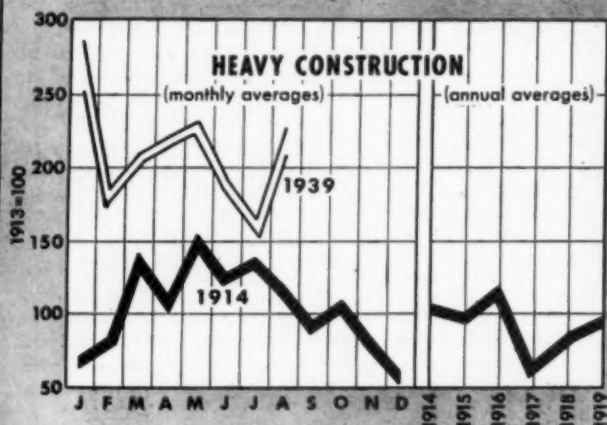
Here's the record of what happened in 1914 and after—to business, stocks, bonds,



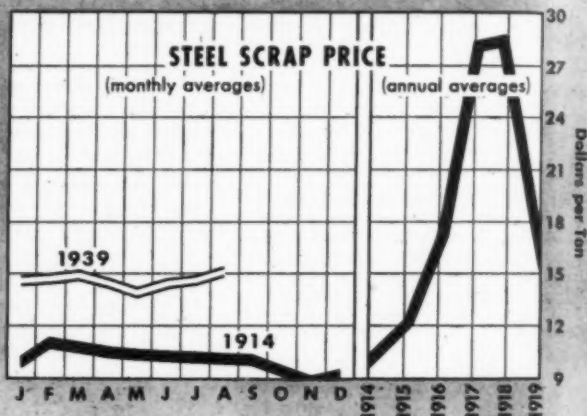
For three months, industrial activity has been improving steadily, unchecked by foreign crises. In 1914, war broke amid a depression here.



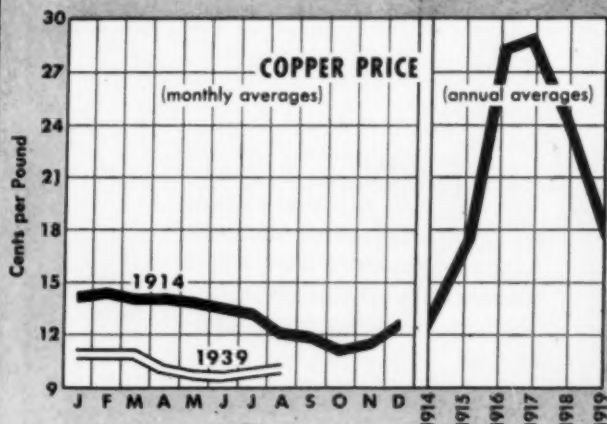
Commodity prices today are not much above their 1914 levels. Both times they jumped out of a narrow range after war was declared.



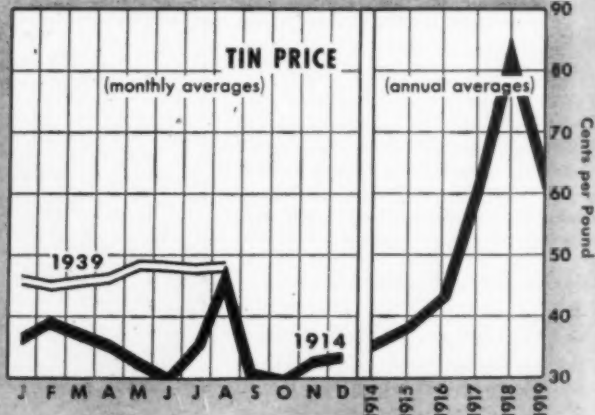
Last time, heavy construction had to wait till after the Armistice; this time plants may be urgently needed to produce war materials.



A true "war baby", steel scrap is likely to soar again on armament demand—if Europe can get bottoms. Japan will continue to buy.



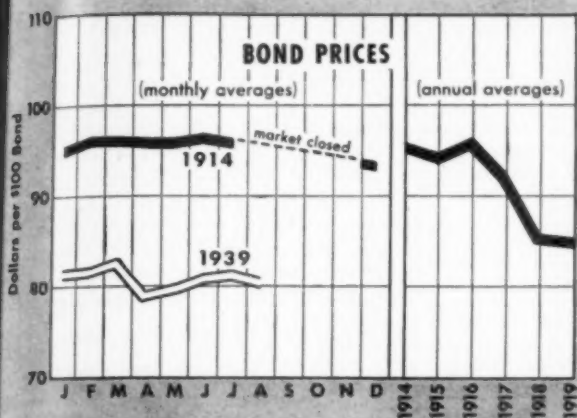
In 1914, England and France depended on United States for copper; this time, Great Britain controls big mines in Southern Rhodesia.



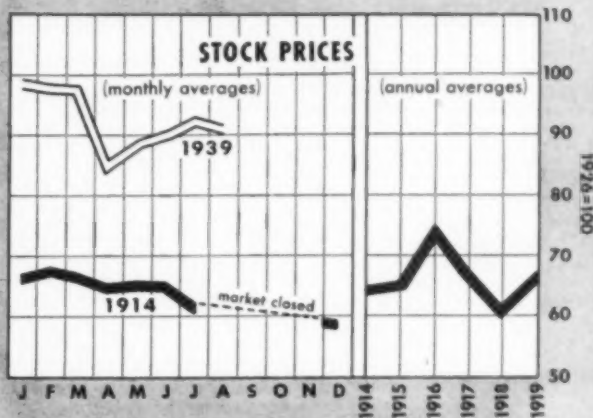
Tin is now pretty well cartelized, under control of British-Dutch interests. Deliveries will be the big problem.

-NOW (1939) AND THEN (1914)

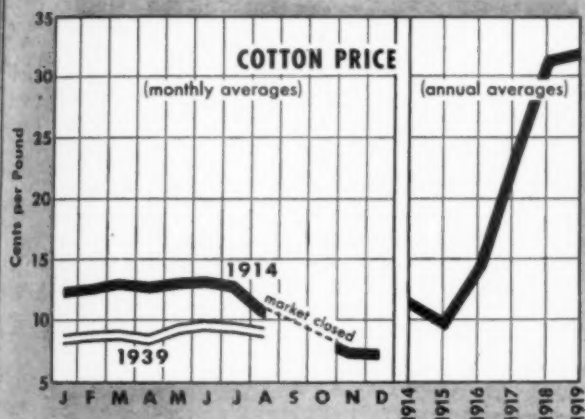
commodities and call money — and of the critical differences in the situation today.



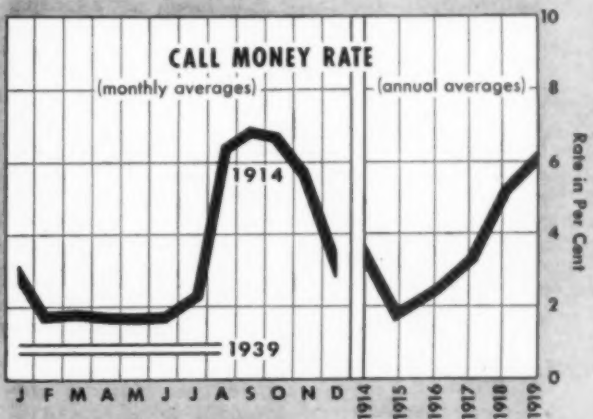
Intermediate grade corporate bonds are not held in such high esteem today as 25 years ago, may move a bit like stocks.



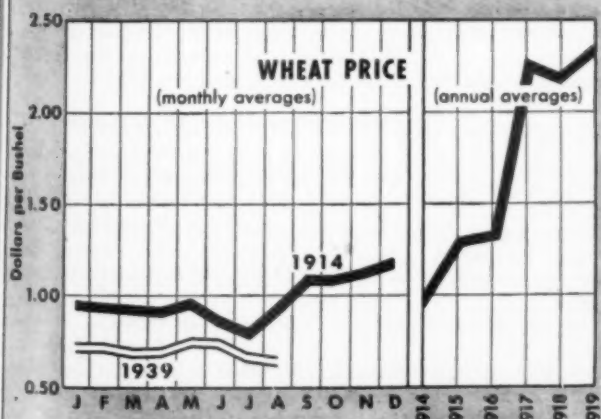
All stocks are not "war babies". General business conditions will determine their war course—as in 1914-18—after the first flurry.



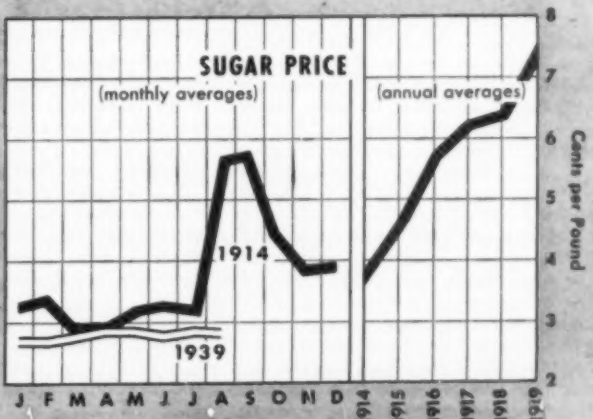
Cotton is distinctly not a "war baby". Not until the late stages of the last war did it begin going places. First reaction was down.



In 1914, securities were dumped on this market, money became scarce. Now, there's been little dumping, and money is plentiful.



Armies move on their stomachs. In 1914, farmers saw dollar wheat. It will take longer this time, because of larger world supplies.



War will cut off sugar production in Europe, will bring supply-demand position into better balance, and history (on a moderate scale) may repeat.

Foreign Business in the War

What Controls Have Been Imposed by Major Countries

Great Britain: The government already has a tight hold over the whole domestic financial setup, and—because of its power to fix prices, command priority, and regulate distribution—over all major industries.

All stocks and commodity exchanges and all banks shut their doors on the first announcement of war, in part because of the necessity of evacuating London and other financial centers. The London Stock Exchange reopened Thursday. Dealings in government bonds were subject to minimum prices set by the Stock Exchange Committee. All commodity deals were at prices fixed by the government. In the case of sugar and tea, the Board of Trade is fixing both the wholesale and retail price. All imports of foodstuffs went into the hands of the Food Defense Committee on Wednesday. The government has already explained that it will buy Australia's total wool clip for the duration of the war. Banks are again open but operating under strict government controls, though there has been no serious withdrawal by depositors. A group of life insurance executives are studying the problem of premium rates which may be changed because of the new risks, even behind the lines. No mortgages can be foreclosed as long as interest is paid regularly.

Trading in foreign securities has been resumed, but each transaction is subject to the pre-war Treasury regulation demanding ownership registration with the Bank of England and official sanction for each sale. The foreign exchange rate for the pound is set each morning by the Bank of England along with the price of gold, which this week has touched a new high.

Since Britain has ample gold or dollar balances in the United States to make huge purchases, American manufacturers were more interested this week in two trade rulings issued in London: (1) The first decreed an import license system on a long list of goods generally classed as luxuries but including such items as office equipment, automobiles, cosmetics, and fine wearing apparel. Exporters declare not more than 10% of the United States' exports to Britain are affected, and the British have hurried to point out that there is no indication yet that licenses won't be freely granted for the time being. (Full list available from Department of Commerce, Washington.) (2) The second listed items which Britain considered contraband—including tools, chemicals, metals, food, clothing, and all means of transport. Exporters are warned that shipments, even to neutrals, will be watched.

France: The Paris Bourse has remained open continuously, with trading orderly but modest in volume. French banks have been open continuously. The only hindrance to normal business has been the shortage of staff as work-

ers were called to the colors or were temporarily absent while evacuating their families from Paris. All small nickel and silver coins are being replaced by new paper currency. The 60-hour week has been decreed for ordinary industry, and 72 hours for service industries.

All imports, except gold, have been placed on a license basis, but for the present the French are expected to be comparatively lenient in granting permits for most goods. As with Britain, exporters are warned to be sure they have an import permit properly issued from London or Paris before shipping to either of these countries.

Germany: The Berlin Bourse has remained open and relatively steady on a limited volume of trading. Banks have had to meet large, but not menacing, withdrawals. The British and United States short-term credits under the "standstill" agreement have been terminated. Income taxes on all incomes above \$960 (2,400 marks) have been boosted 50%, taxes on beer and tobacco are increased 20%, wages are being pared down, and special pay for overtime banned. As in the enemy countries, all food supplies are under government control. Rationalization hit the meat industry ruthlessly as the Minister of Economics decreed that dozens of varieties of sausage be merged into a "consolidated wurst."

Overseas imports are cut to a minimum, but new trade deals with neighbors on the east and north are being pushed. Turkey has refused, but Rumania and Finland were going ahead with negotiations this week.

Italy: As a neutral, Italy is resuming normal business activity. The Milan Stock Exchange is open and strong. Shipping services are resuming normal schedules. But exports of metals, automobiles, airplanes, ships, fats, minerals, and vegetable oils have been banned.

Netherlands: Through the first crisis days, the Amsterdam Stock Exchange, which remained open, was the bellwether for all European exchanges. Stock prices skyrocketed from the first, and commodities were buoyant. The government has established a virtual embargo on exports of raw materials and manufactures and established complete control over imports and exports of agricultural products.

Japan: The Tokyo Exchange remained open and, early in the week, registered the second heaviest trading day in its history. The threat of government intervention later restored business to more normal levels. Japan shipping companies are negotiating for the purchase of large numbers of German ships now tied up at Nipponese ports. Heavy machinery orders, which were to have been placed in Germany under the former German-Japanese trade pact are being transferred here.

\$4.00. Since Britain has plenty of gold and dollar credits in New York, the British exchange rate is more important because of the close relationship with the other currencies which, until recently, were tied to the pound, than for its own direct use for immediate purchases. Most of them are likely still to move in more or less close relationship with the pound. Japan has not yet cut the yen loose, though there are rumors that Tokyo would like to tie up with the dollar if it would not work out to the disadvantage of the country's export business when and if the British pound might be allowed to depreciate further.

Better Deal in the Argentine

As far as the Argentine is concerned, however, Americans are looking rather optimistically for more favorable exchange treatment as a result of recent developments. Britain will probably continue to be a large purchaser of Argentine goods, but is likely to shrink into the background as a supplier of manufactured goods to the Argentinians. Washington has already opened negotiations with Buenos Aires on a new trade pact, one element of which is now confidently expected to be more favorable foreign exchange treatment in line with terms long ago granted to the British.

Out of the flood of new developments, a few are worth noting because they probably point new trends which will crystallize as the war goes on. The ban on the sale of gasoline for private automobiles in Denmark is typical of a trend which is likely to spread to many countries, but even if it cuts seriously into the sales of passenger cars in these markets this winter, the gap is likely to be more than made up by increased demand for trucks by the warring nations or by other countries working feverishly to provide supplies.

The closing of the movies throughout Britain may be only temporary, but it cuts seriously into the income of the Hollywood producers during the immediate future.

Sacrifices Will Be Demanded

Germany's drastic control over profits, and the Reich's determined efforts to make the soldiers feel that the people back home are also sacrificing by working longer hours at lower wages, are likely soon to be emulated in the democratic countries with a resultant reaction on stock market prices.

Mail deliveries to Europe, except Poland, are being maintained for the present, but there are serious delays. Pan American Airways' transatlantic services from New York are being continued for the present, but the planes on the northern route are going no further than Eire, and on the southern route are stopping at Lisbon, Portugal, instead of continuing to Marseilles, France.

9, 1939

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the handicaps that slow up work
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Burroughs

Ever-Normal Granary, 1939 Model



Bloomington Pantagraph

In the Midwest a corn crop of nearly 2,500,000,000 bu. is ripening. It's a fine crop—big enough so that quite a lot of it won't be needed to feed livestock between now and the autumn of 1940. And the government will lend against each bushel more than that bushel will bring in the market. But to get those loans, the farmer has to store the "loan corn" in a bin which government inspectors agree is rat-proof and water-

tight. Unfortunately, farmers have most such bins full of old corn—against which storage loans were made last year. Farmers can't afford to put up more bins. So Uncle Sam is doing the job. One of the first of the new bins to hold "ever-normal granary" corn—and it's No. 1 in Illinois—was completed at Shirley this week. Farmers and elevator men (above) watch the workmen putting it together.

1940 Cars in Beauty Contest

Major changes—with Ford and Chevrolet still to come—are in body design. Prices run lower. Sales and dealer policies revised.

DETROIT—With the automotive industry more immediately concerned about possible developments at Ford and Chevrolet during the next month, than about hostilities abroad, manufacturing programs began to swing into high gear right after the Labor Day week-end. Production should jump rapidly as Ford assembly lines swing into action—boosted further immediately after Oct. 1 by Chevrolet's first shipments of 1940 models.

Just what effect the Ford and Chevrolet announcements will have is still problematical, of course. There was a surprise in Ford's quick changeover—requiring only a record Ford low of three weeks—and leading to the general assumption that there have been no time-taking major new developments on the 1940 models. A possibility discussed in Detroit is the adoption of "Mercury" bodies on the Ford V-8.

Chevrolet is expected to introduce completely new bodies, delayed by the General Motors tool and die strike. From

Chevrolet, therefore, no major change in the present price structure is to be expected. The possibility remains that Ford may cut prices extensively and force the rest of the industry to adjust accordingly. It is highly unlikely, however, that further changes in prices will be major in character. Prices already announced are distinctly lower than for corresponding 1939 models.

Compete in Their Appearance

Major automotive trends for 1940 are now rather definitely established. In general, changes are to be found in bodies—affecting appearance rather than in mechanical developments. The industry almost unanimously has adopted the "low-cooling" type of front end introduced by Lincoln-Zephyr two years ago. This has had the effect of producing even greater standardization of front-end designs. Contributing, also is the general adoption of the new sealed-beam headlamps (BW—Aug 12 '39, p18).

The latter development—eliminating

the parking bulb within the headlamp—has led to some diversification in "parking-light" treatment. These are now generally designed so that they will serve as warning signals to cars approaching at right angles, remaining lit when headlights are on.

Where new bodies have been adopted, windshields generally show more slope than previously. Most cars are now available with or without running boards—to meet objections of women to stepless cars. On the whole, though, bodies show a definite tendency to widen out at the center for greater seat-room—taking in much of the former running board space.

Indications are that the appearance battle may shift toward rear-end designs, with some cars having full-sloping tails (like the Zephyr), others stepped designs based on the 'built-in' trunk appeal, while others (Chrysler, etc.) show a modification based on both.

Mechanical changes are limited. Compression ratios show a slightly higher trend. Transmission controls are now generally located on the side, instead of the top, of the case to increase floor-board clearance. There are more overdrives (usually sold at extra cost) and overdrive cut-in speeds are lower. All the overdrives can be shifted into direct at will (by depressing the accelerator pedal all the way). Two-spoke steering wheels are coming in. Odometers (mileage meters) are being moved off the speedometer.

Work Out Better Dealer Contracts

For the time being, the major change in sales policies will be a further closing of the differential between advertised and delivered prices. This trend appears to be general but some companies, such as Packard, have gone a little farther than others.

That there will be further improvements in dealer contracts from the dealers' angle seems to be virtually certain, as the result of not only the Federal Trade Commission investigation but also of conferences between National Automobile Dealers Association and auto builders, and of field studies resulting in recommendations by the Automobile Manufacturers' Association.

Biggest problem the dealer has to face this fall will be the extent to which he can trade new cars for old. Lower new car prices have been made possible largely by the strengthening of the used car market and the decline in dealer stocks of used cars. The present new car buying wave may again run ahead of used car turnover and find many dealers going into the slow winter months with heavy inventories of used cars.

As a help to releasing dealer capital that is normally tied up, some new dealer contracts may be worked out on a basis whereby freight can be financed as part of the new car purchase from the factory.

SCATTERED UNITS ARE IN INSTANT TOUCH BY TELETYPE



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Brokers' Bank Out

However, Exchange committee recommends 14 point program to protect customers' funds.

NEW YORK STOCK EXCHANGE members now hold for safekeeping customers' cash and securities totaling \$3,000,000,000. The public has enough confidence in the brokers of its choosing to leave this vast sum with them. And, by and large, this confidence has been justified.

In view of these kind sentiments it was not unexpected when the special committee appointed by the New York Stock Exchange to investigate the question of safety of customers' funds gave the Big Board brokers a pretty good bill of health. And, due to a long list of practical reasons, it opines that it is neither desirable nor necessary at this time to establish the "brokers' bank" suggested as a depository for the public's funds.

The brokers' bank idea originated with the Securities and Exchange Commission after the Whitney scandal last year. It was pressed by the SEC's ex-chairman, William O. Douglas, 15 months ago; it was advanced again this summer by present chairman Jerome Frank. But Mr. Frank already has taken occasion twice to say that he won't insist on the bank, that he will accept any measures which convince him that they will truly protect the customer.

Hence most observers are convinced that the committee's studious report has killed the "bank" idea. In fact, with the specific idea of helping the Stock Exchange to satisfy Mr. Frank's demands, the special committee recommended a 14-point program to take the place of the bank idea.

Propose Cash Segregation

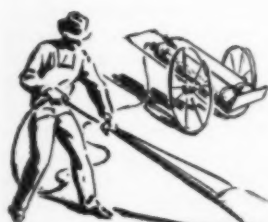
Significant changes advocated include the following: Customers' cash should be segregated from the brokers' own funds; some way should be found to keep the individual's money from becoming subject to the claims of general creditors in bankruptcy; brokers should get a regular service charge for holding customers' securities for them; arrangements should be made to carry fidelity insurance on brokers' employees (a general practice now) and, possibly, on partners also; underwriting activities should be separated from brokerage functions (the exchange already permits this but doesn't require it); brokers who handle customers' accounts should be required to have \$50,000 capital and not the present \$25,000; brokers should give customers audited statements at least once a year (exchange rules require them to, if customers ask for it); there should be surprise audits of all members at least once a year, including a spot-check of cash and securities; the exchange's own

Strange Facts about Fire!

FIRE LOSSES IN U. S. ARE RISING!

\$27,031,000 WAS THE U. S.
FIRE LOSS IN MAY, 1939 . . .
AN **18% INCREASE** OVER
MAY, 1938! IN FACT,
LOSS FIGURES HAVE BEEN
RISING FOR **4 CONSECUTIVE**
MONTHS. ARE WE PAYING
TOO LITTLE ATTENTION TO
FIRE PROTECTION?

\$27,031,000.
U. S. FIRE LOSS IN
ONE MONTH



BIG FIRE OUT FAST!

IN A RECENT TEST
30 GAL. OF OIL AND
GASOLINE BURNED OVER
AN AREA OF 120 SQ. FT. A **LUX**
MODEL 100 FIRE EXTINGUISHER
KILLED THIS BLAZE IN **13 SECONDS!**

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THOUGH **LUX** CARBON DIOXIDE GAS IS THE **FASTEST**
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HARMLESS TO MATERIALS.

YOU CAN SPRAY IT OVER
YOUR BEST SUIT, HOLD
IT ON YOUR HAND. **LUX**
GAS DISAPPEARS INTO
THIN AIR, LEAVING
NO STAIN, NO MOIS-
TURE, NO CORROSION.



NEW-TYPE EXTINGUISHER

AIM IT LIKE A GUN. FIRE
AT THE FIRE! THE NEW
KIDDE-LUX MODEL TWO HAS PISTOL-
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For storage spaces, finishing rooms,
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staff of examiners should be still further strengthened.

This report doesn't bind anybody, but the Stock Exchange has known all along that, as a matter of public relations, it would have to carry out the recommendations if they met with the SEC's approval. The betting is that the Stock Exchange shortly will accept all the important provisions of the report and ask the SEC for permission to go ahead and put them into force.

Reliefers Run Plants

Production for use begins in California, and 500 people will be employed.

AN ATTEMPT TO LAUNCH the long-delayed production-for-use program in California got under way last week when Gov. Culbert L. Olson announced experimental cooperative units for production and distribution would be established immediately in connection with the state relief administration. Nucleus of the effort will be the existing consumer cooperatives which will be banded into a unit to be followed later by creation of other units.

While the governor insists the new enterprises won't compete with private business, observers wonder how a certain amount of competition can be avoided.

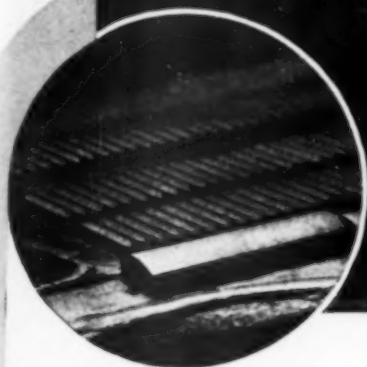
For the present, the program will be concentrated in Los Angeles, center of Olson's greatest political strength and home of Upton Sinclair, originator of production-for-use for California. The state will spend \$350,000 immediately in establishing the first unit. Employment will be provided for a minimum of 500 persons who heretofore have been on relief, with the proviso that 10% of the workers in the enterprise need not have been reliefers (exceptions will be men skilled to direct the work).

The Los Angeles project will force into membership all "self-help" organizations (there are about 75 in California, all of them supported at least in part by the state). Self-helpers must cooperate or they won't get any more state money.

Success Will Mean More Units

When the Los Angeles project gets going in about three months, the state will find itself engaged in a variety of enterprises, including canning of fresh fruits and vegetables, manufacturing of soap, repairing shoes, producing macaroni, mattresses, and furniture.

Production-for-use "employees" will be paid \$30 a month cash and will get a card permitting them to buy \$10 worth of produce from the project store at cost. Surplus production, if any, will be sold in the general market, and profits distributed as dividends to the workers. If the Los Angeles experiment flourishes, says Gov. Olson, similar units will be started throughout California.



Row on row of "Burner Houses" in a Texas Carbon Black plant

In the Texas Panhandle, under such spectacular smoke clouds, soot is produced commercially



Tiny gas flames busily depositing Carbon Black upon metal surfaces

SOOT

Toughens Tires, Prints Papers, Shines Shoes, Paints Palaces

This little Santa Fe story is about Soot. For soot—our good housewives to the contrary notwithstanding—adds immensely to the comfort, joy and economy of living • Today, great plants deliberately and scientifically manufacture soot. They call the black, velvety powder Carbon Black. Carbon Black, in its several methods of production, results from the incomplete combustion of gas and is deposited by the actual contact of the flame upon a metal surface • Near the oil fields, particularly in the Texas Panhandle, myriads of tiny natural gas flames burn day and night against movable steel channels in hundreds of shed-like "Burner Houses." The Carbon Black is deposited on the steel. Removed by scrapers, it falls into hoppers, is borne by conveyors to packing houses, shipped far and wide by rail • Who uses all this soot? 85% of our Carbon Black production goes to the rubber industry. To it we owe the lightness, color, resiliency and vastly longer life of modern tires and rubber goods generally. Carbon Black improves our paints, lacquers and enamels; phonograph records, buttons, carbon paper and type-writer ribbons, shoe and stove polishes. We see it every day in the inks of our newspapers, periodicals and books • Thus Carbon Black—still just soot to most of us—enters vitally into modern living. Without it we would suffer in a thousand ways.

• In 1915, our commercial production of Carbon Black was but 20,000,000 pounds. Today it exceeds 400,000,000 pounds, of which a good one-third normally is exported • Texas, and particularly the Texas Panhandle, leads the world in Carbon Black production. Loaded in smooth-walled, paper-lined box cars, or specially built tank cars, more than 50% of America's total Carbon Black output is shipped annually over the Santa Fe Railroad.




Carbon Black helped perfect these rubber tires that in turn help operate a Carbon Black plant



Nearly 80% of Carbon Black is packed in 12 1/2-lb. and 25-lb. double paper bags, shown in this warehouse scene

Bulk-loading in free-flowing pellet form. Annually thousands of cars of Carbon Black are shipped via Santa Fe

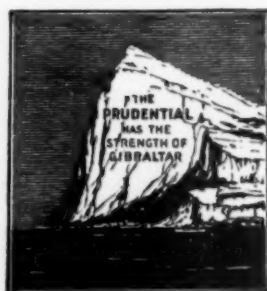




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Blackstrap Alky-Gas

Use of cane product instead of corn as source of alcohol for Agrol rouses Midwest farmers.

INITIATED BY the Chemical Foundation to bring back to the farmer part of the market lost when the horse gave way to the motor car, the Agrol alky-gas drive continues to encounter difficulties. The Atchison (Kan.) Agrol Co. loudly publicized its corn-alcohol which was used originally as a blend in gasoline. Operation of this plant was followed by a high-pressure drive to build a second distilling unit in Sioux City, Ia. The campaign failed (*BW—Jul30'38, p.20*).

Last November the \$500,000 Atchison Agrol plan abandoned its manufacturing activities. A skeleton crew remained to supply dealers (mostly farm cooperatives). Alcohol for the Agrol had to be bought. For some time an ugly rumor has been circulating among the corn cribs. It has been charged that the alcohol being purchased for Agrol was not made from products of U.S. farms, as advertised, but from imported blackstrap molasses.

Accusation Strikes at Sales

Now the issue is dragged into the open by the Illinois Petroleum Marketers Association. It is urging its member-jobbers (independents) to spread the word that the Agrol alcohol is made from foreign products. Petroleum partisans claim they have the proof.

Agrol executives angrily repudiate the accusation which, nevertheless, is cutting deeply into sales. They deny that the alcohol comes from foreign blackstrap and contend that it is made from Louisiana blackstrap, an American farm product.

The defense is backed by the U.S. Industrial Alcohol Co., one of Agrol's principal suppliers. A spokesman for the company asserts that all the alcohol it sold to Agrol Co. was made from Louisiana blackstrap and that an affidavit to that effect accompanied each shipment.

Midwest farmers are still sore. They point out that the Atchison plant was heralded as a symbol of agricultural redemption. Alky-gas, made from corn, other crops grown nearby, and culls was to be the answer. The farmers of Kansas, Iowa, and Nebraska are notoriously loyal to their own products. So what if the alcohol isn't from Cuban or Puerto Rican cane but from Louisiana cane? They still don't like it.

Frown on Exemption

This bad break for Agrol follows legislative defeats. The last Congress failed to pass a bill which, in effect, proposed to subsidize alky-gas blends by allowing them to be sold without the 1¢ per gal. federal tax. Tax officials estimated

Editor turns on the heat

CLICK! Mom pauses long enough in making out her latest Companion Reader-Editor report to start dinner.

Then she settles down again to answer the other questions. Food and its preparation . . . the dishes her family likes best . . . where she likes to buy and how much she pays.

Hot from the spot come her ideas, impressions and wishes. If there's a gravy-stain on the report we love it.

For from her and our other 1,999 Reader-Editors . . . a carefully selected cross-section of Companion circulation . . . we get live, eye-witness accounts of current domestic happenings and daily-life problems.

These aid a keen and energetic staff to edit the Companion straight to the heart of the home. And they assure for Companion advertisers an audience prepared for their messages, eager for progress, ready to buy.



Carolyn Pryce and Jean Abbey (Companion shoppers) direct thousands of housewives to Companion-advertised products via weekly broadcasts and tie-in displays at stores. Companion Selling goes deeper to find what women want, works harder to carry editorial selling over into Companion advertising pages, and follows through farther at the point of sale.

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CREATING DEMAND by editing to women's needs as expressed by 2,000 representative Reader-Editors.

CLINCHING SALES with a consistent program of nation-wide merchandising.

LARGER CIRCULATION THAN ANY OTHER WOMAN'S MAGAZINE — 3,130,706

Look what you pay so little for in **HAMILTON BOND**

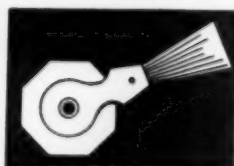
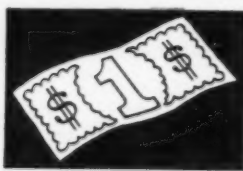


WHITE . . .

None so white as Hamilton Bond. It's a provable fact. Compare — and see. This business-like white means money in your till. It brings respectful attention to your daily mail. It closes every letter: "Sincerely yours."

CRACKLE . . .

Listen to Hamilton Bond! It crackles—like a crisp, new dollar bill. It sounds important. It is. It has the feel of authority. There's nothing soft or squishy about Hamilton Bond. It's like a firm hand clasp. It's sincere.



ERASURE . . .

Attack Hamilton Bond! It calmly ignores a stenographer's mistakes. It comes clean after a terrific drubbing. It takes its punishment like a man. Hamilton Bond, in every sense, is a sturdy, husky bond.

PRICE . . .

What do you think? You're wrong! Hamilton Bond is so modestly and moderately priced that many wonder how we do it—for Hamilton Bond has every characteristic of higher-priced bonds.



HAMILTON BOND

W. C. HAMILTON & SONS, MIQUON, PA.

Good Papers for Good Business

that such an exemption would deprive the government of \$235,000,000 revenue annually.

They furthermore dropped the gruesome hint that every filling station for automobile tanks might become a potential bootleg filling station for convivial human tanks. By illegal conversion and redistillation the alcohol could be separated from the gasoline and downed (with a good song ringing clear) in thirsty gullets. Such diversion would deprive the United States of liquor taxes as well as gasoline taxes.

Federal Agencies Say No

Before Congress saved the nation from that hilarious threat, the Reconstruction Finance Corp. turned down applications of the Agrol company for a \$220,000 loan. A similar rebuff came from the Federal Surplus Commodities Corp. which refused to supply the Agrol plant with distress corn at 28¢ per bu. or less. FSCC decided that the company would have to have a subsidy for profitable operation, that hereafter research to determine the feasibility of fuel alcohol from crops should be conducted by the Department of Agriculture's proposed pilot plant at Peoria, Ill. Its 400-gal. daily capacity would find the answers more quickly and more cheaply than Agrol's 10,000-gal. plant.

In 1935, Nebraska's legislature exempted alcohol used in gasoline blends from its 5¢ motor fuel tax in proportion to the percentage of alcohol used. (Thus a 10% blend got a ½¢ exemption.) It applied only to motors used off the roads but nobody expected a farmer to empty the blend if a truck used in haying had to go to town. This year a new bill was passed. It provisionally promises entire tax exemption for blends used in off-road motors if the alcohol is made within the state. But the act becomes inoperative should no Nebraska-made alcohol be available on Jan. 1 next. Apparently there will be none.

Just the same the alky-gas issue is not dead. Its farm appeal is sure to keep it alive politically.

Dispute Co-op Aid

CAUGHT in the cross-fire between farm cooperatives, anxious to include more non-farmer members and non-farm products, and some farm leaders who insist this would endanger existing benefits to farm co-ops, Sec. Wallace has ducked the issue by pleading that, while present farm co-op activities warrant broader federal benefits, Congress should decide for itself how far and in what direction they should go. Slated for revival next session is the proposal by Sen. Norris to extend government credit under the Agriculture Marketing Act to urban manufacturing, retail, and service co-ops, provided more than half their members are farmers.



On Norman Bel Geddes' National Motorway, as shown in General Motors' "futurama," traffic is segregated in individual lanes. At intersections, cars come up onto the main road of the system through slots (left, right, and center, above). According to the Geddes scheme, all cars in the same lane travel at the same rate of speed.

Motoring at 100 M.P.H.

Norman Bel Geddes, designer of General Motors' "futurama" at N. Y. World's Fair, wants U. S. to embody its ideas in nation-wide superhighways.

AS THE PRIMITIVE motorist dreamed of hard-surface highways, so the modern motorist dreams of highways devoid of Sunday jams and irksome speed restrictions. Intensity of this yearning is evident in the multitudes that line up for General Motors' "futurama" at the New York World's Fair. More than 30,000 persons daily, the show's capacity, inch along the sizzling pavement in long queues until they reach the chairs which transport them to a tourist's paradise. It unfolds a prophecy of cities, towns, and countryside served by a comprehensive road system. Somewhere in the rolling davenport a disembodied angel explains the elysium.

The futurama is the brain child of Norman Bel Geddes, theatrical producer, streamline advocate, stage and industrial designer. It was no summer afternoon inspiration. Mr. Geddes peddled the idea for years before G.M. millions built the animated model. He now goes further and proposes that the United States spend the billions necessary to realize the highway of tomorrow.

Mr. Geddes points out that our present road system is the spiritual offspring of the horse-drawn vehicle, that with some notable exceptions it was superimposed on meandering local layouts. He visions a nationally planned system of superhighways that would duplicate in miles the inches of the futurama. There would

be multiple lanes for differing types of vehicles; the timid would be on an outside track where they wouldn't interfere with those who wanted to do 100 miles per hour. Wide-angle intersections and curves would allow turns at high speed. Here would be tracks designed exclusively for the motor car, just as a railroad is designed for the locomotive. It is an exhilarating vision but the taxpayer blanches when he thinks of the cost.

What's So Appalling about It?

"Well," muses the undaunted Mr. Geddes, "no one can say for sure what such a national system would cost. An estimate puts the total at about \$30,000,000,000. Naturally it wouldn't all be spent at once. By a coincidence our expenditures on all thoroughfares since the advent of the automobile has been about \$30,000,000,000. Most of this outlay was made in the last 20 years. What is so appalling about spending an equal amount in the next 20 years to supplement existing roads with an adequate trunk system?"

Last July he went to Washington with his plans to see if he couldn't convert President Roosevelt. Mr. Geddes was star guest at a White House dinner which was also attended by Sen. McKellar of Tennessee (chairman of the Committee on Post Offices and Post Roads), Sen.

Hayden of Arizona, Rep. Taylor of Colorado, and Rep. Cartwright of Oklahoma (chairman of the Roads Committee of the House).

They were vastly entertained even if the Geddes idea didn't receive official blessings. The President was especially interested in the point that we are at present building roads without any central plan.

The Geddes scheme calls for a comprehensive system connecting the vital points of the nation, founded on surveys that would establish needs for the next 20 years. Number and location of the highways would be determined by a national planning board. Engineering features would include:

(1) Complete segregation of all traffic into individual lanes to prevent in-and-out weaving, sideswiping and blocking.

(2) All cars in one lane would travel at identical speeds. Maximum recommended miles-per-hour are 50, 75, 100. (Says Mr. Geddes, "It would be possible to cross the continent in one full day.")

No More Road-Hogs

(3) Control towers, synchronized with a special mechanism on each car, would automatically govern the speed of each lane and also would maintain a specified distance between cars. (Thus "it would be impossible for one car to overtake another, rear-end collisions would be eliminated, the road hog would become extinct.")

(4) Intersections, with merging traffic going over or under the routes they join, would permit left-hand turns at 50 m.p.h. instead of the 10 m.p.h. in the present clover-leaf arrangements.

Most revolutionary is the proposal for control of cars not by the driver but by

New! IRON FIREMAN UNIT HEATMAKER



Heats, Humidifies, Circulates the Air

This neat "package" is a furnace, automatic coal burner, air circulating and humidifying system—all in one! Its uses are almost unlimited. So beautifully finished and quiet, it can be used in the finest stores or shops ... yet so sturdy and efficient as to be well adapted for warehouses and industrial uses. Iron Fireman Unit Heatmakers are often the most practicable heating plants for warehouses or auditoriums. In homes and commercial buildings without basements or central heating, an Iron Fireman Unit Heatmaker is ideal. Large hopper holds a full day's coal supply. Control equipment, humidifier and air circulator are built in. Beautiful 3-tone-and-chromium finish. Made in two sizes. Available on easy terms from Iron Fireman dealers.

IRON FIREMAN

Automatic COAL Burners

For all types of coal. . . . Sizes up to 750 b. h. p.



IRON FIREMAN MFG. CO.
Portland, Ore.; Cleveland, Toronto.
Mail to 3147 West 106th St., Cleveland, Ohio.
Send illustrated folder, "Warmth in Motion,"
with pictorial description of Unit Heatmaker.

Name _____

Address _____

operators in towers at regular intervals across the highways. It would be impossible for a drunk or sleeping motorist to leave the road. Drivers could bowl along with their hands off the wheel free to enjoy the scenery or hug their girls. Receptive instruments in the cars (by which the control towers would increase or diminish speeds) would pick up magnetic impulses. Mr. Geddes elaborates the idea as follows:

"These may be magno-electric waves or light waves. They might be transmitted by short wave from one car to the next, or they might be picked up from a guide strip extending along the highway or underneath the road surface. The waves might be sent out over this control axis from highway control stations. This embodies the principle of remote control. The navy has made experiments of this sort in controlling ships, devoid of crew, from control stations on land. Effect would be the same as hitching cars to an endless rod, keeping them uniformly spaced, safe from any kind of collision."

Mr. Geddes doesn't claim to have worked out all the details. One question is that of tolls.

"Perhaps," he says, "there would be a toll gate at every state line."

Railroads Couldn't See Idea

Attention was called to the fact that he ignores railroads in his transportation system.

"The railroads would have to take care of themselves," he observes. "Years ago when truck competition became serious I suggested an answer to railway executives."

"I pointed out that they have unused strips on each side of their rights of way. My idea was that they build highways

along these strips for the exclusive use of their own trucks. This would have given them fast, level roads which competing trucks could not travel. But they couldn't see it."

Whatever the flaws in the Geddes vision, it does dramatize demands for better trunk roads and attempts to prepare for future problems. Its critics are many. One attacks the remote control idea as destroying the chief reason for car owning—the pleasure of handling a powerful, free-moving vehicle. The federal Bureau of Public Roads is inclined to pooh-pooh the plan (though there are such as believe the bureau might do with a few new ideas).

Too Fast for Them

Bureau officials consider Geddes' estimate of 1960 speeds and traffic as far too high. They don't expect to design roads for more than 60 m.p.h. before that time. Some engineers feel that there should be few roads with more than four lanes. Beyond that they would build parallel roads in order to reduce congestion, provide motorists with a choice of routes (as between different ends of a terminal city), and offer smaller targets in case of war.

The special report on superhighways prepared by the Bureau of Public Roads (BW—May 6 '39, p. 17) was used to kill the wild proposal made in the last Congress for a grid-work of east-west and north-south toll arteries. Express roads will be built, but they will start piecemeal in metropolitan areas. Congress will receive bills next year for low-cost federal loans to states and cities for the first rights-of-way. When they start pouring the concrete it will be interesting to see if any Geddes ideas have crept into the planning.



His "futurama" is a smash hit at the New York World's Fair, but Norman Bel Geddes won't be satisfied until he brings it to life.

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MARKETING

ADVERTISING • MERCHANDISING • SELLING

Plan \$500,000 Coffee Drive

Americans drink more of the beverage than ever before, but six Latin American countries will intensify advertising campaign in this market.

COFFEE, A RATIONED FOOD for war-torn Europe, is being drunk in greater quantities by Americans than ever before. Disappearance figures for the last crop year (ending June 30) show an apparent consumption for this country of 13,817,107 bags. That tops by a comfortable margin the previous banner year, 1935-36, when 13,161,544 bags of the bean went into brew for American coffee pots.

Hence, last week, in annual meeting in New York, the Associated Coffee Industries of America had that happy thought to balance against the disrupting effect of war. What war will do to the American coffee market depends upon the extent of shipping slow-up. "Having small stocks of coffee in this country," warned Guy W. Sharpe, president of the association, "means that any interruption of regular ocean service will immediately create critical problems for all of us." Solving those problems will be the job of a special committee. Meantime, the industry is going ahead with promotional plans to increase consumption.

Heart of these plans is continuation and expansion of the national advertising campaign begun a year ago with funds contributed by the Pan American Coffee Bureau, which represents the growers of six Latin American producing countries. Copy for the first 12 months, prepared by Arthur Kudner agency, has used the true-or-false quiz technique to combat the popular idea that coffee keeps people awake, is bad for the nerves. First of October a new campaign will get under way, featuring the goodness of coffee and the fact that it's good for you.

Half a Million for Persuasion

With an expanded budget (\$500,000 for the coming year), the new campaign is the biggest piece of cooperative advertising ever attempted with international backing. Ads in national magazines and newspaper rotogravure sections will be supported by announcements in retail trade journals and with direct display material. Early ads in the new series (in *Look*, *Liberty*, *Saturday Evening Post*, *Collier's*, *Life*) will be built around such themes as these: "There's a tip for you in what this cowpuncher knows about coffee" . . . "Why do reporters drink

coffee?" . . . "Tense? Learn how to ease up as cowpunchers do."

Back of the new copy themes is a nationwide survey of the consumer's attitude toward coffee, conducted early this summer by the Kudner agency. These are highlights of the survey, as reported at last week's convention:

A full 32% of all housewives have a definite fear of coffee's possible harmful effects. An additional 6% say they think coffee is harmful if used in "excess." 51% of all consumers see only wholesome effects from coffee.

While their answers show that 40% of the women questioned use what coffee men think is an inadequate amount of coffee to brew a satisfactory cup, few women will admit that they do not make good coffee. 88% claimed their husbands liked the coffee they made, although many of the replies were tempered with the remark that "he don't complain."

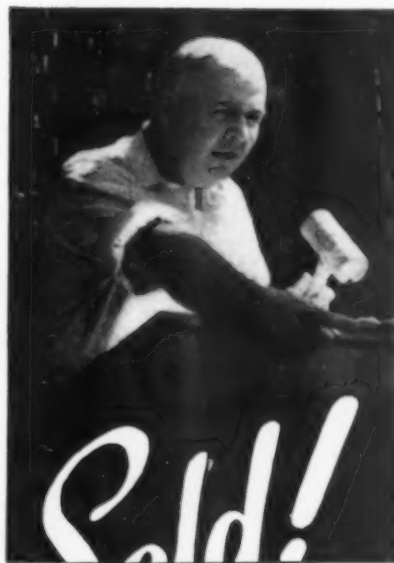
Trends in Packaging

The average housewife is in a grocery store three or four times a month to buy coffee. Her average purchase is slightly over a pound a week. 68% buy a pound at a time; 17% two pounds; and 11% three pounds. In packaging, the paper bag led with 49% of the sales; vacuum tins account for 45%; the rest is packed in glass containers and slip tins.

In brewing coffee, 46% of the housewives use percolators, 39% use drip pots, 11% use an old-fashioned coffee pot, and 7% a glass vacuum device.

The average adult drinks a cup and a half of coffee twice a day. It's all but universal for breakfast. About half the coffee drinkers have it for dinner, and less than half have it for lunch. The coffee drinkers are 82% of all men over 16, 81% of all women over 16, 15% of all children between 6 and 16, and 4% of all children under 6 years of age.

Use of hot coffee is spread evenly over all income classes, but iced coffee is as yet an upper-class drink. 27% of the Class A families over the whole country serve iced coffee, but only 21% of Class B, and only 16% of Class C. Likewise, iced coffee is a Northeastern drink. 37% of the families in New England and the Middle Atlantic states serve it.



ON EFFICIENT SERVICE

Put in your bid for those rush orders that demand fast service and immediate delivery! Then ship via Precision Transportation—the Norfolk and Western Railway's unexcelled freight service between the Midwest and the Virginias and Carolinas and between the North and South—not merely to meet the deadline but to beat it! You will find the Norfolk and Western service well planned and coordinated to render every assistance in the prompt dispatch, rapid transit, and safe delivery of your shipments. Make your bid for satisfied customers now by getting acquainted with this modern transportation service. Call or write any representative of the railway's Freight Traffic Department for complete information regarding rates, routes and schedules . . . and for assistance in the solution of any shipping problem.



NORFOLK AND WESTERN
Railway
PRECISION TRANSPORTATION

Man with Hoe...

1939!



DON'T bother to write us that this gasoline go-devil isn't really a hoe. We present it here merely as a symbol. A symbol of how far today's good farmer stands from his horny-handed forefather in the *dimensions* of his task.

For a modern good farmer's investment in plant and equipment is something that would send the average urban small business man screaming for help. And still this country business man spends, according to the Department of Agriculture, *some 30% more* for consumer goods than he does for farm goods. In

Ohio, for instance, it has been found that rural people spent \$30,000,000 in one year just for food products.

This helps make clear how some 40 cents of every dollar spent at retail is dipped from *country* people's pockets . . . how almost a half of all the business there is to get is business that you *don't* get with big-city advertising.

So next time you make a budget, have a care. If you'd like your advertising hopes to face the market facts, make your bid for the cream of country

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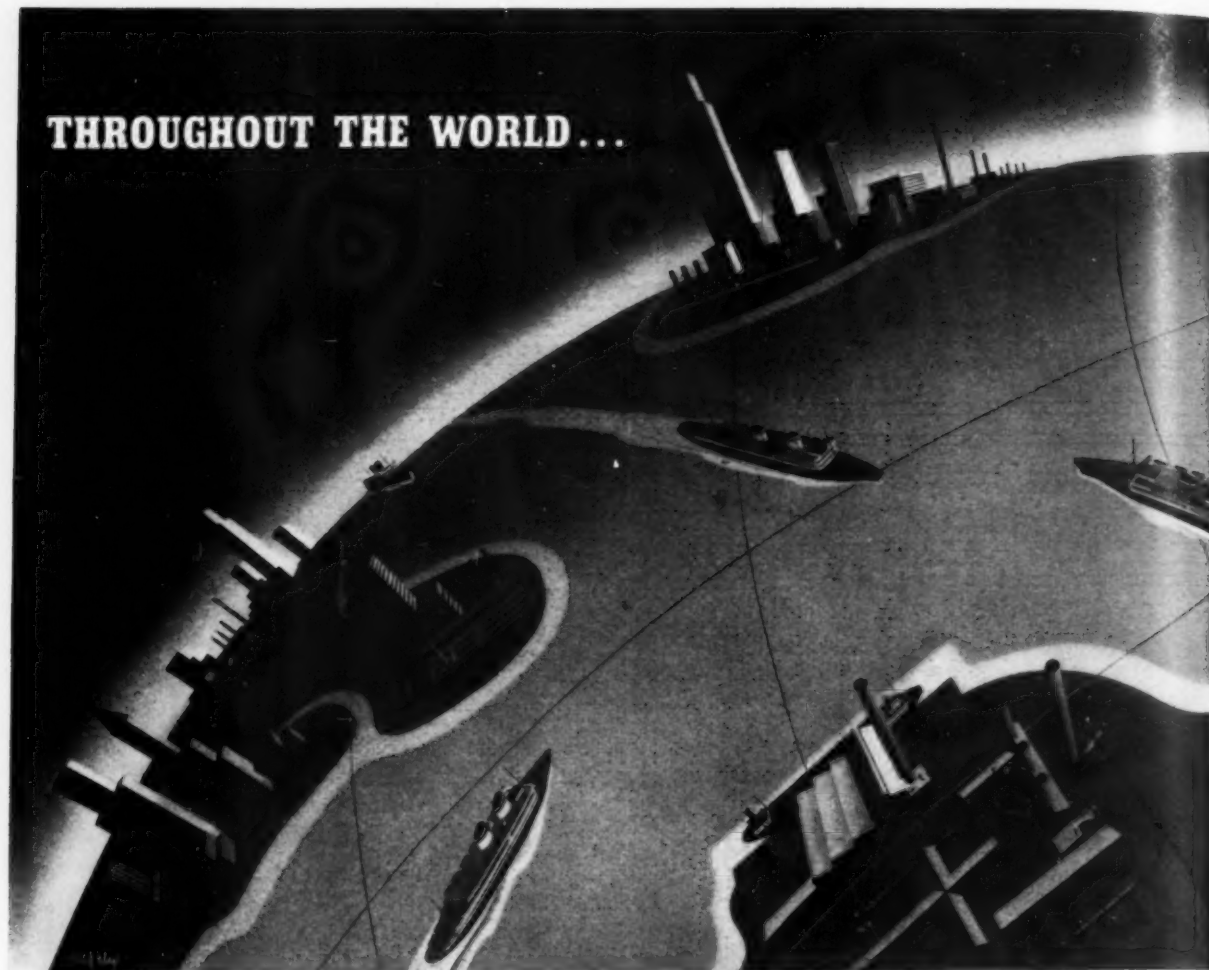
business along with the city cream . . . before you dip
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 See that Country Gentleman is well up on your
 list of magazines. For here is the cream of country
 living, handed you in a silver pitcher!
 Country Gentleman reaches 2 million families each
 month. Families attested by their own local dealers
 as the best-buying families in their localities. Families
 reading the magazine that talks of *livelihood* to
 them . . . and talks with so much power that no idea
 checked by its pages has ever failed to get action!

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COUNTRY GENTLEMAN

NATIONAL SPOKESMAN FOR AGRICULTURE

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THROUGHOUT THE WORLD...

MORE THAN 40,000 "SILENT PARTNERS"

Todd Combustion Equipment plays a major role in the success of thousands of organizations... industrial, commercial and maritime... whose economical production of heat and power is of vital importance to profits.

Individually engineered to specific requirements Todd installations make the burning of liquid or gaseous fuels an efficient, inexpensive operation. By eliminating high maintenance costs, stepping-up boiler per-

formance and reducing waste, Todd burners and units have earned a world-wide reputation in the field of combustion equipment.

When Todd "joins the firm" cooperation is sure... results are evident... savings are certain.

Todd engineers are always available without obligation for impartial surveys and consultations on combustion phases of furnace operation.

TODD COMBUSTION EQUIPMENT, INC.

(Division of Todd Shipyards Corporation)

601 West 26th Street, New York City



NEW YORK

MOBILE

NEW ORLEANS

GALVESTON

SEATTLE

BUENOS AIRES

LONDON



BUSINESS WEEK REPORTS TO EXECUTIVES ON

BUSINESS WEEK—1929-1939

As prologue to this Anniversary Report, Business Week would first acknowledge its obligation to those who have helped to make possible its first ten years. The encouragement and criticism of its earliest readers, the practical faith of its first advertisers, the mounting interest and confidence of readers and advertisers alike, all have played their parts in our achievement. Of all this, we here record our grateful appreciation.

In these few pages, the editors restate their exacting concept of Business Week's mission. And the most exacting phase of that concept is its requirement that their service be as objective as humans can make it. For if we are to give the business executive a realistic picture of the business scene—one that will help him to shape his policies and practice, we must call the cards as they fall. We assume that is what he wants; that he does not want to be told only what is pleasant to hear, or what he may wish to be true, or even what he believes to be true—if the facts actually point to something else. We like to feel that when he turns to Business Week, he is looking for more robust fare.

So, be it good or bad, Business Week tries to report the news for business, uncolored even by its own likes or dislikes, hopes or fears. That has been our job for the last ten years. And as we enter our second decade, we are confident that the closer we stick to that job, the greater the service we can render to American business. And the more surely we shall carry on with the same success.

Number 20 of a series of special reports on current business opportunities, problems and trends of outstand-

ing significance. Covered under the general copyright on the Sept. 9, 1939, issue of Business Week

A McGRAW-HILL



PUBLICATION

Business Week—1929-1939

THIS is Business Week's 10-year birthday issue. On Sept. 7, 1929, our charter subscribers received their first copies with a statement that began:

"The* Business Week herewith makes its first appearance—on a great plan, with a high ambition. Its ambition is to become indispensable—no less—to the business men of America. Its plan, we trust, shows forth in its pages."

The anniversary gets no recognition in editorial pages outside of this report. As an event for celebration, its "outstanding significance"—in the words of the customary footnote on the preceding title page—is left to the friendly judgment of readers. Its significance to Business Week lies solely in the occasion it offers for restating objectives and outlining facilities to insure that all business executives use this 10-year-old service as effectively as some of them have long used it—as a source of business opportunities, an aid in solving their problems, and a key to the trends of the times.

Specifications: "All Business"

The objectives of Business Week continue to be those emphasized in its introductory statement of 10 years ago. That statement said:

Swiftly, intelligently, tersely, it tells the week's business news and the news of business. The distinction is not fine-spun. Business news impinges upon business from the outside—news of the tariff, of the reparations settlement [How that dates the argument!], of crops. News of business originates within business—news of developments in management, of improved production processes, and (outstanding these days) of changes in marketing methods.

The whole story of the week is set forth in compact limits, a study in the fine art of saving the reader's time. Nothing irrelevant is included; nothing really important is omitted. . . .

Few facts have intrinsic interest. It is their meaning which concerns men; their relation to other facts. The Business Week never will be content to be a mere chronicle of facts. It aims always to interpret their significance.

The Business Week serves no single group. It does not aspire to give the textile man his textile news, nor the banker his financial news. Each man should and will read the specialized press of his field. The Business Week is the liaison agent. It will tell the banker the things he ought to know that are happening in the textile industry; will tell the textile man what of significance to him is developing in finance.

This, we feel, is a great and essential service that no other publication is performing today. . . .

We build upon a foundation of 22 [McGraw-Hill] specialized journals, each a recognized authority in an essential field. Each contributes its highly developed news sources,

* Readers soon drove that "The" out of the name by talking and writing of "Business Week" (with the emphasis on the word "business")—first evidence that it had acquired a personality of its own, was something more than the sum of its week's news.

its expert specialized knowledge to The Business Week.

Crossing the vertical organization of the McGraw-Hill journals, is the staff of The Business Week, which divides business horizontally, by functions, . . . a complete and seasoned staff in Washington, a news-gathering organization abroad, editorial representatives in key cities of the country.

It is, indeed, a newspaper—a new kind of newspaper, staffed by specialists, more handsomely printed and illustrated than is the wont of newspapers, but a newspaper just the same—swift and newsy. . . .

And all the way through, we hope, you will discover it is possible to write sanely and intelligently of business without being pompous or ponderous. We hope you will miss those vague but solemn generalities that pass so often for deep wisdom.

The proof of that pudding lies in the 10 years' eating (One pleasantly hyperbolic birthday greeting said, "We eat it up every week"); the chief ingredients and broad recipe for cooking have not been changed over that period. But there have been some noteworthy developments in the trend of Business Week's responsibilities.

Since the world was turned upside down just seven weeks after this new publication was so bravely launched, the scope of the "news which impinges on business from the outside" has been vastly broadened. The search for the meaning of what happens in Washington and in foreign capitals has become of increasing importance, even to the clients of a service that is "all business."

New Jobs to Do

New fields of decision have been opened up for the active management of business—as distinguished from those who are "in business" without having to face its daily executive problems. Thus, the creation of a whole new set of labor relations conditions was correctly anticipated, when some years ago, Business Week added a Labor Department.

The editors have found that, while the wise textile man and the wise banker indeed read their own specialized press, they are interested also in seeing how their industries are reflected in the general business picture and how they look from the viewpoint of writers concerned with the total business outlook.

The broad field of business has had to be broken down as the complex conditions of the last decade have demanded sharper focusing on the problems and interrelationships of its chief functional divisions—production, marketing, financing, and management of personnel: each now has its own department in Business Week.

The rate of change and of obsolescence in industry has been speeded up since 1929 and recognition of this has brought into Business Week a New Products Department devoted to giving readers the first news of new things to buy and sell, of new equipment to modernize production;

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also a New Business Department devoted to miscellaneous new developments in business with special emphasis on new advertising and selling ideas.

More intensive competition for markets has called for sharper attention to the job of spotlighting trends in regional and local markets: this has multiplied Business Week's local correspondents throughout the country and expanded the travel budgets of its editors. It has resulted also in the development of a Regional Business Outlook service: this duplicates for each Federal Reserve District the job of appraising and projecting current business conditions which the 10-year-old Business Outlook does for American business as a whole.

From the beginning, many executives have turned to Business Week for more comprehensive surveys of business opportunities, problems, and trends of outstanding significance than could be managed in the swift interpretation of the weekly news. Out of this has come a series of special Reports to Executives, which make the results of such surveys available to all readers as a supplement to the regular weekly service.

A shift of interest to new world markets has added South American and Far Eastern correspondents to the special staff that deals with "business abroad." European correspondents have had to supplement routine coverage

by emergency jobs on recurring "war crises." Canadian news has been expanded and strengthened by a periodical Canadian outlook service.

From time to time Business Week has seized the opportunity to profit its readers by organizing other special staffs to handle extraordinary situations on which business needed swift and comprehensive reporting and interpretation of the news. One example of this was the creation of "NRA editorships" in both Washington and New York at the time the ill-fated code system descended on a perplexed country—and, incidentally, at a time when the advertising, which makes Business Week possible, was being hammered by the depression. (Historical note: Business Week's circulation grew steadily through the depths of depression, as the service conceived in a boom proved its value in a period during which business men needed all the help they could get from its double job of interpreting current conditions and appraising new opportunities.)

Finally, Business Week has learned from experience the importance of being, not just earnest, but also interesting. It started with the promise to be succinct, to relate the news event to the trend on which its whole significance depends, to concentrate on the dynamic news that signals the shift in trend, spotlights the development of a situation, reveals new contributions to business thinking,

Business News on Sept. 7, 1929—Ten Long, Hard Years Ago

From Business Week's First Issue (Seven Weeks Before That Well-Remembered Event, the Wall Street Crash)

The European political and financial thunderstorms have passed over and the international economic atmosphere is clearing. . . . Forward business is not forthcoming as fast as is necessary to keep up the productive pace. . . . Security speculation has eaten nearly all its credit cake. Stock prices are generally out of line with safe earnings expectations, and the market is now almost wholly "psychological"—irregular, unsteady and properly apprehensive of the inevitable readjustment that draws near—*The Business Outlook*.

It now looks as though business were bound to be rocked for an indefinite period by tariff uncertainties, even though this special session succeeds in passing a law, for Congress seems bent upon embarking on new experiments in tariff administration—*Tariff Racket Begins*.

Washington strongly believes Congress is going to stick its official nose into the Federal Reserve Board's business ere long. . . . Prospect for any legislation on credit is dangerous—*The Reserve Board and Congress*.

President William Green of the American Federation of Labor said in a Labor Day statement that labor enters on a "new era" of higher wages and more leisure. . . . Building wages throughout the country are the highest in history. . . . Building union leaders are urging the five-day week to cure unemployment—*New Era—Five Days a Week*.

Chicago Stock Exchange has declared a dividend of 100%. Each member gets another membership. . . . The last sale before the membership increase [to 470] was for \$110,000—*Chicago Doubles Its Stock Traders*.

The New York Central has reduced the fare on its two-months old New York-Los Angeles air-rail service from \$233.76 to \$223.51. From Cleveland to Garden City, Kans., the passenger is transported by air. A full business day is saved over the all-rail trip. . . . The economics of business will demand recognition of the time-saving possibilities of air-rail travel as fares approach all-rail rates—*Air-Rail Fares Begin to Fall*.

Automobile production is becoming increasingly irregular. The small, cheap car output is slackening in all except Ford, but higher priced cars, especially new models, are active—*What the Figures Show*.

White pants in a steel plant sounds funny but the American Rolling Mill Co. is finding them of value in its Ashland plant. . . . A foreman, realizing the psychological effect of clothes, prevailed upon his men to wear white pants. . . . Nearly 400 workers now appear daily dolled up in immaculate white duck—*Steel Workers Wear White Ducks*.

Walter Hoving, executive vice-president of R. H. Macy & Co. predicted that the selection of merchandise more scientifically will be the outstanding department store development of the next ten years—*Boston Conference on Retailing*.

Construction starts next week on the new plant of the Jewel Tea Co. at Barrington, an Illinois village of 2,500, 30 miles northwest of Chicago. The company deliberately set out to find a town of 5,000 people within 50 miles of Chicago. . . . where, as President M. H. Karker put it, "our people might lead fuller lives and have more time to live."—*Jewel Tea Goes Rural*.

As the fall begins there is a tenseness in Wall Street. Its presence is undeniable. There is a general feeling that something is going to happen during the present season—*Wall Street's Week*.

For five years, at least, business has been in the grip of an apocalyptic, holy-rolling exaltation over the unparalleled prosperity of the "new era." . . . All appraisal of present and future accomplishment is suffused with the vague implication that a North American millennium is imminent. . . . In face of the ignorance, uncertainty, and irrationality that surround every aspect of the "new era", it were wisdom for business to keep its feet firmly on the ground and assume for the present that the principles that prevailed through the long business past still govern the stability and success of business today—*The New Era-rationality* (Editorial).

uncovers the first signs of new wants, new markets, new ideas, new and adaptable ways of doing things. Fulfillment of such a promise inevitably forced upon it a lively style that requires no resort to the wise-crack to maintain its liveliness. And ten years are still too few in which to acquire any respect for "those vague but solemn generalities that pass so often for deep wisdom."

"A Group of Services"

Readers who are using the Business Week of today most effectively see it as a group of separate and very practical weekly business services welded into a single interesting magazine. Here's how these services line up:

The Cover—Business Week's famous "barometer" comparing business today with a week ago and a year ago.

This Business Week—A column guide to what's in the issue and why, providing an occasional trip behind the editorial scenes to show where the news comes from and how Business Week gets it. Not important but helpful to organized reading.

New Business—Short, time-saving paragraphs on new business ventures, methods, and ideas—particularly selling ideas; a spotlight on who's making money and why. In placing the week's new business before the meeting, this department is not above a spot of gossip—so long as it's backed by facts.

Washington Bulletin—A telegraphic interpretation of the latest developments in government and the latest doings of those who govern, that are likely to affect the policies, opportunities, or obligations of business executives. Politics, but only for business' sake. How Washington is thinking before the thinking turns into action. Wired at the last press-minute by Business Week's Washington Bureau.

The Figures of the Week—The Weekly Index of Business Activity converted from a "barometer" to an annual curve and charted against the curves for preceding years—plus a page of key statistics on production, trade, prices, finance, banking, and the stock market. The trend of business in figures for those who can take their figures straight.

The Business Outlook—The trend of business in terms of what makes today's conditions and how they will make tomorrow's. Business Week's best answer to "Where do we go from here?" written in plain English for those who want their thinking straight.

The Market by Regions

The Regional Business Outlook—An answer to, "Where's Business?", doing for three Federal Reserve Districts each week—for all 12 in the course of four weeks—just what The Business Outlook does for American business as a whole. A network of special "Regional Outlook correspondents" contributes to this service.

General News Section—Business Week's "front page stories." Not what's spectacular but what's important to the policy-making executive. Not just what happened but how it came about, what's behind the surface event, and where it's heading—the staff formula for news-interpretation that is followed throughout the issue, we hope. A special kind of headline, originated by Business Week, sums up the content and significance of each news story. Purposeful pictures enliven most pages, sometimes illustrate stories, more frequently tell their own stories.

Marketing—A department that reports and interprets the trend-making news of advertising, merchandising, selling, wholesaling, retailing, and general distribution. (Business Week's functional departments are designed to organize reading by primary executive interests—production, marketing, financing, labor and management—but are always written for the general reader, not just for the specialist.)

Labor and Management—Realistic and uncolored guide to developments in industrial relations, personnel management, labor organization and legislation, labor disputes and settlements, public relations policies and practices—an increasingly important field of executive responsibility.

Emphasis on What's New

Production—Devoted to new production methods, new products, new processes, new ideas in plant construction and operation, new developments in equipment. Special feature is Business Week's New Products column with a hard-won record of being first with the news on new products in industry.

Money and the Markets—The financial side of the executive's job, covered in the news of the money, stock, bond, and commodity markets, interpreted for the reader who has a stake in these markets as a business man, not as a speculator. (Business Week offers no advice on individual stock issues, promises no "tips".)

Business Abroad—What the responsible executive needs to know about foreign trade, foreign industry, and international affairs, whether or not he is directly in the business of exporting or importing. How foreign news, as cable by Business Week's correspondents in Europe, South America and the Far East, affects American business. What's new abroad that's adaptable here.

The Trading Post—"Where business men may meet to trade their ideas, theories, practice, experience, likes, dislikes, even oddities of the day's work."

Editorial Page—Wherein Business Week examines business opinions, including its own, in the light of the facts that, alone, make opinions sound.

Used in Active Management

That's the job set up in terms of objectives. Business Week would be older in spirit than in age if it should claim these objectives are always attained, but concrete evidence of the uses to which the job is being put in active management helps to ease a 10-year discontent.

While these services are being used by business men (by more than 110,000 as subscribers, 400,000 as readers at mid-year, 1939) business men everywhere are being used by Business Week. Its reputation for accurate interpretation of the news is built on a solid foundation of wide contacts in business. Its publishers knew from the beginning that editors, assistants, researchers, statisticians, and far-flung correspondents were not enough if it was to go behind the bare news of events as it had promised. Today countless business executives here and abroad contribute to the exchange of information which it carries on, advise its staff on problems in their special fields. For some of them this tenth birthday is the tenth anniversary of that association. And it is on the continuance and increase of such associations that Business Week's own business outlook depends.

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capital won't stand the strain."



2. SECRETARY: "Perhaps, if you ex-
plained your problem to some equip-
ment company, you might arrange
a method of payment."

3. PNEUMATIC'S REPRESENTA-
TIVE: "Yes, Mr. Smith, I'm
sure we'll be able to work
out a way to put Pneumatic
equipment in your plant."



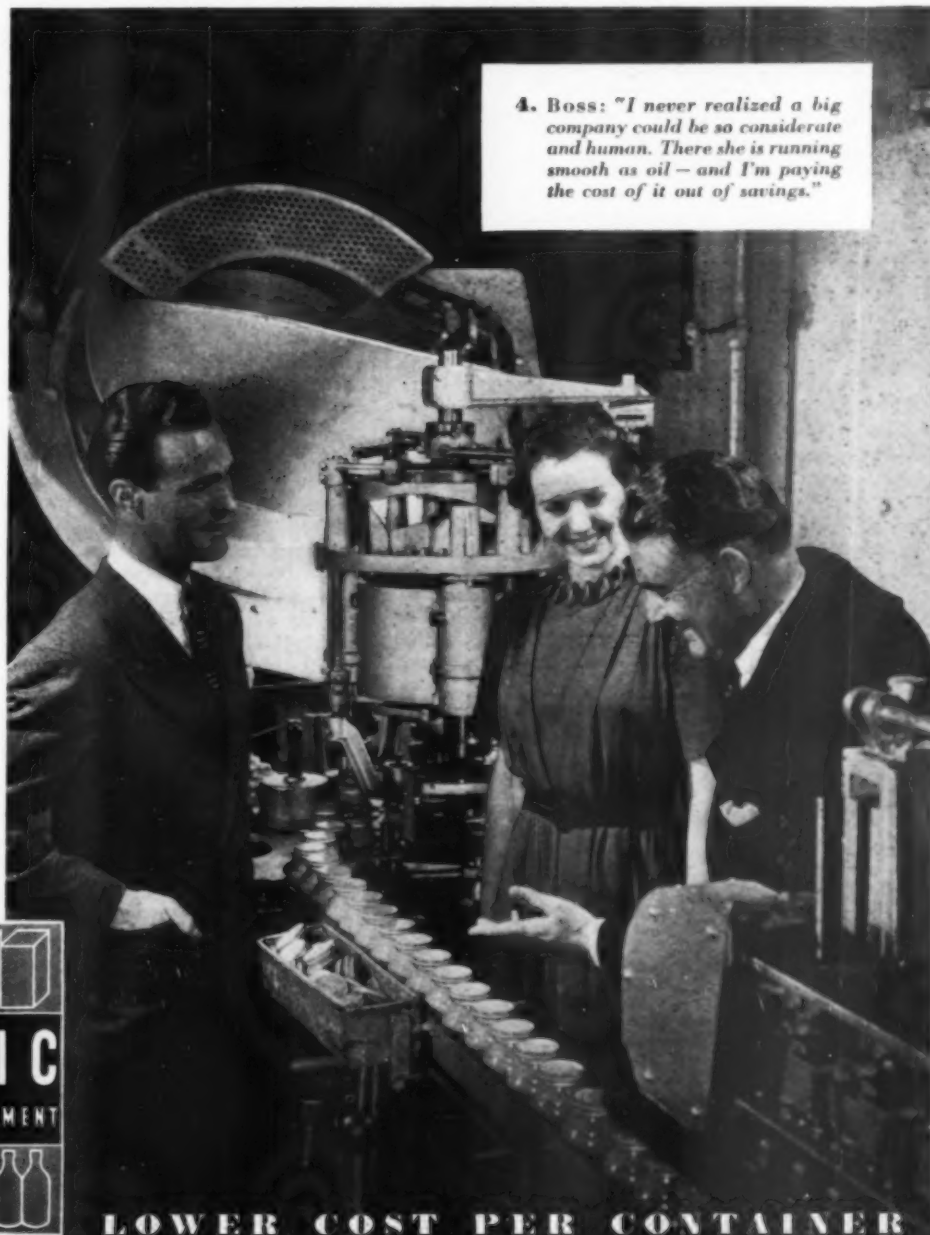
AND *Pneumatic* WRITES THE HAPPY ENDING!

PNEUMATIC is a big company, yes — the
leader in its field. But it is not too big to
lend a helping and an understanding hand to a
respective purchaser who, for logical reasons,
is not prepared to pay spot cash for the equip-
ment he requires. . . . Plans are available which
make it possible for any going concern having a
real need for bottling or packaging equipment
to buy it without a heavy capital outlay. Pneu-
matic handles all its own equipment financing
and Pneumatic has the reputation for being
exceptionally reasonable and human in its deal-
ings with customers.

Any Pneumatic machines will pay for them-
selves in less than a year, out of the operating
savings they make possible. Others will do it in
less than two years, and any of them in less than
three. Payments are frequently arranged on the
basis of machine performance. As every Pneu-
matic machine is capable of performing efficient-
ly for ten, fifteen — even twenty-five years — it will
earn a substantial profit long after its cost is paid
and forgotten.

Your own problems need not delay your purchase
of needed packaging or bottling equipment. Get
together with Pneumatic!

PNEUMATIC SCALE CORPORATION, LTD.
Newport Avenue, Quincy, Mass. (Norfolk Downs Station)
Branch Offices:
New York Chicago San Francisco Los Angeles



4. Boss: "I never realized a big
company could be so considerate
and human. There she is running
smooth as oil — and I'm paying
the cost of it out of savings."



LOWER COST PER CONTAINER

PRESSURE-TREATED TIMBER

PREVENTS EXPENSIVE ROOF
FAILURES



HIGH HUMIDITY and acid fumes in many factory buildings, particularly in textile mills, cause rapid deterioration of roof decks.



EXPENSIVE MAINTENANCE and repairs due to decayed roof decks can be avoided by specifying pressure-treated timber.



THE WOOD PRESERVING CORPORATION, a Koppers Subsidiary, will be glad to discuss this and other applications where pressure-treated timber can save you money.

LET KOPPERS SOLVE *Your* PROBLEMS

These other Koppers products help you to save money or do a better job: Coal and Coke, Coal Preparation Systems, Coke and Gas Plants, Purification and Recovery Equipment, Boiler and Industrial Electric Power Stations, Industrial Chemicals, Creosote, Municipal Incinerators, Castings, Special Machinery, American Hammered Piston Rings, D-H-S Bronze, Fast's Couplings, Material-handling Systems, Tarmac Road Tars, Roofing, Waterproofing, Bituminous-base Paints, Ships, Barges.

Koppers Company, Pittsburgh, Pa.

K O P P E R S

Wine Gets Set for its Big Push

Vintners hope that promotion drive, starting next week, coupled with reduced production and California price control, will correct bad price situation.

UNHAPPILY, THE WEEK of Sept. 10-17, set aside by California's wine industry as the first National Wine Week, falls at a time when America is more disposed to be war-conscious than wine-conscious. The industry bemoans the luck that puts 1,000,000 stickers and 125,000 streamers, distributed throughout the country to urge public consumption of more wine, in competition with the most sensational news story in 25 years. Ordinarily, the four separate and colorful wine festivals to be held in California would get a good break in the newsreels; next week the newsreels are likely to regard them as just local attractions.

But even if some of the edge is taken off National Wine Week, California producers are nevertheless counting on it to furnish the first big push in the \$2,000,000 three-year advertising campaign with which the industry is hoping to solve its problems (*BW—Feb 11 '39, p. 40*). Funds for the campaign have been accumulating since last Oct. 24, when all bonded wineries began paying into the State Department of Agriculture an assessment on wine for market.

Helped by Nature and by Law

Although the nation's wine consumption is running from 10% to 15% higher than last year's all-time peak of 67,000,000 gallons, and although inventories are some 12% lower, prices continue to be depressed to below-cost levels by the continual dumping tactics of distressed vineyards. In addition to increasing consumption through promotion, the wine industry perceives two other answers to the problem:

(1) It is probable that drought will bring grape production for 1939 well below last year's market-glutting harvest. Depending on demand of the raisin and table-grape markets, wine production will be off from 10% to 20%.

(2) Regardless of supply and demand, the state's recently-enacted statute which attempts to put a floor beneath the price of wine, offers some relief. Written into the California Alcohol Act at the demand of \$5,000 grape growers, the new law actually prohibits the sale or advertising of any wine "below cost." The legality of this legislation, first to specifically prohibit below-cost sale of a designated commodity, is based on the Supreme Court's liberal construction of the 21st Amendment giving states the authority to regulate liquor traffic.

The industry will enforce the law by

policing itself. A survey by an unofficial "stabilizing committee" of vineyard owners, fixing this year's cost of production, has already been submitted to the State Board of Equalization for confirmation.

Effective immediately upon approval, this "cost" will be the price below which no California winery may sell during the coming year. Only exceptions are closeouts, sales of damaged goods, sales by court order, and sales under special permission to meet legal (foreign) competition.

Once the year's basic prices for various types of wine are set, groups of distributors and retailers will also establish their "costs" with the State Board of Equalization.

Other States Less Hospitable

The wine producers are plagued by what they describe as "the high cost of doing business nationally." In contrast to California's lenient taxes (1¢ per gal. on dry wines, and 2¢ on sweet), other states impose levies up to 40¢ and 60¢, plus high license fees. Recently, a few of these "barriers" have been wiped away, particularly in states lacking a home wine industry. A new threat, however, arises from local restrictions such as Chicago's new ordinance limiting packaged liquor sales to liquor shops not in general or department stores.

Another headache is the annual 30,000,000 gallons of "homemade wine." Any family may legally make 200 gals. at home, and the Wine Institute points out that about 50% of commercial production comes from home wineries. There is a real possibility that the California price-fixing law may boom basement production and increase the supply bootlegged into commercial channels.

The effect of European turmoil is another upsetting factor. California vintners, who had expected to capture Spain's Latin-American market during General Franco's partial blockade, actually lost out when fearful Spanish growers dumped their inventories at panic prices.

However, they may not yet win the Latin American markets now supplied by French, and possibly even Italian, wines. Particularly disturbing to the Californians is the fact that freight rates plus duties on wines from France to Midwest markets have been less than rail rates to those same markets from the Golden State.

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Co-op "Chain" Stores

Eight groceries in Minnesota and Wisconsin operate under central management.

THE NEWEST THING in cooperative food distribution—the application of central management to retail co-ops, in the chain fashion (BW—Feb 11 '39, p. 42)—is an accomplished fact. Midland Co-operative Wholesale, of Minneapolis, now has 14 grocery units operating in its string of "chain co-ops," and two more on the verge of opening. Funds have been raised in four other communities.

Midland is a federation of 175 local cooperative oil associations located throughout Minnesota and Wisconsin. One of these, the filling station at Cottonwood, Minn., was established in 1921 and is generally recognized as the first retail petroleum co-op. All told, the 175 local co-ops claim 100,000 consumer-members.

The groceries that have been opened for business are at Wheaton, Clinton, Rush City, Mora, Hinckley, Morris, Milica, St. Paul, Fergus Falls, Onamia, and Glencoe in Minnesota, and Amery, Neenah, and Greendale, in Wisconsin. Scheduled to open any day are those at Donnelly and Montevideo, Minnesota.

Assembly-Line Used

To serve these retail outlets, Midland has leased a warehouse with 8,000 square feet of floor space at 2821 East Hennepin Ave., Minneapolis, into which quantities of canned fruit, co-op flour, and smoked meats are flowing. The assembly-line technique is utilized in filling orders. Merchandise is stacked around the building in an order synchronized with the printed order blanks furnished to local managers, and emerges as separate shipments on the loading platform. A new trailer-truck with a carrying capacity of 10 tons delivers the goods. Four additional Wisconsin towns are served by a warehouse at Milwaukee.

Each of the local grocery co-ops is owned by its local customers. Each store must have 200 members back of it and \$3,000 capital. In order to float enough shares (\$15 each) the member pays down \$7.50 per share and Midland puts up \$7.50 out of a loan it got from the late Edward A. Filene's Consumer Distribution Corp. Members sign individual notes which are guaranteed to the C.D.C. by Midland.

Credit Still a Problem

None of the local stores has been in operation long enough to assay its success. But if Midland is successful as a grocery co-op chain, other cooperatives may follow the style.

Meantime, Midland as a whole seems to be doing all right. Total sales volume in dollars for the first six months of 1939 was

**WHAT IN THE WORLD HAPPENED
TO MAKE THIS OFFICE SO QUIET
AND COMFORTABLE!..IT USED
TO BE A REGULAR BEDLAM!**



**IT SURELY WAS A NOISY PLACE
BUT I NEVER REALIZED IT UNTIL
3 MONTHS AGO WHEN I FOUND
OUR BEST TYPIST CRYING
AT HER DESK.....**

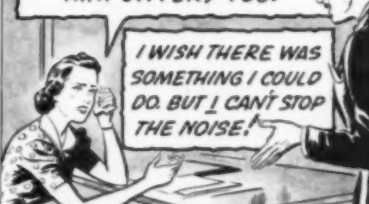


**WHY MISS KANE,
WHAT'S THE
TROUBLE?**

**OH MR. WELLS
I'M STUCK AGAIN.
THE NOISE IN THIS
OFFICE HAS RIDDLED
MY NERVES SO I
CAN'T KEEP UP**

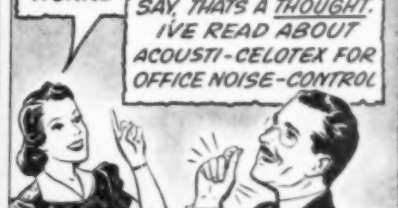


**AND I'M NOT THE ONLY ONE.
THAT'S WHY MISS TRENT
WASN'T DOWN TODAY.
MR. CLARK SAYS IT HAS
HIM 'JITTERY' TOO.**



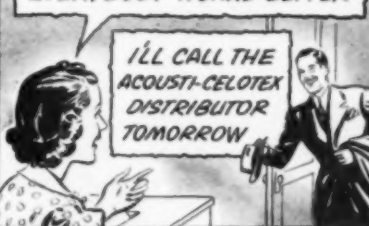
**I WISH THERE WAS
SOMETHING I COULD
DO. BUT I CAN'T STOP
THE NOISE!**

**MY GIRL FRIEND SAYS AN
ACOUSTI-CELOTEX CEILING
WOULD CHECK THE NOISE—
THEY HAVE ONE WHERE SHE
WORKS**



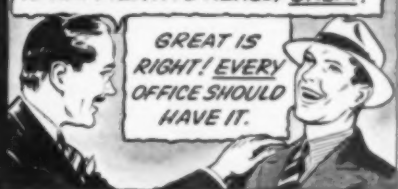
**SAY, THAT'S A THOUGHT.
I'VE READ ABOUT
ACOUSTI-CELOTEX FOR
OFFICE NOISE-CONTROL**

**IT MUST BE MARVELOUS!
MY FRIEND SAYS IT ENDS
"NOISE-NERVES" AND
EVERYBODY WORKS BETTER**



**I'LL CALL THE
ACOUSTI-CELOTEX
DISTRIBUTOR
TOMORROW**

**SINCE ACOUSTI-CELOTEX BROUGHT
THIS QUIET COMFORT WE HAVE
FEWER MISTAKES AND ERRORS,
FEWER ABSENCES, EVERYONE
IS HAPPIER. IT'S REALLY GREAT!**



**GREAT IS
RIGHT! EVERY
OFFICE SHOULD
HAVE IT.**

HOW ABOUT THE "NOISE PROBLEM" IN YOUR OFFICE?

THOUSANDS of executives who have "grown up" in noisy offices are unaware of the cost of routine din and clatter. However, it is now a known fact that everyday noise can add as much as 12% to overhead.

You can get the facts on noise in your office, through a free survey offered by your Celotex Acoustical Distributor. Call him now. He's listed in your phone book—or address The Celotex Corporation, Chicago.



NOTE: Acousti-Celotex can be applied right over present ceilings without interrupting office routine.

**PAINTABLE PERMANENT
ACOUSTI-CELOTEX**

TRADE MARK REGISTERED U. S. PATENT OFFICE

OTHER CELOTEX ACOUSTICAL PRODUCTS:

CALICEL CALISTONE ABSORBEX



Move to the ERIE EMPIRE and You Win

● It's the world's greatest market—this Erie empire. Within its boundaries, Erie can deliver your product—quickly and economically—to 43,000,000 consumers! To thousands of manufacturers, wholesalers, and retailers, as well—and through connecting services to all the rest of the world.

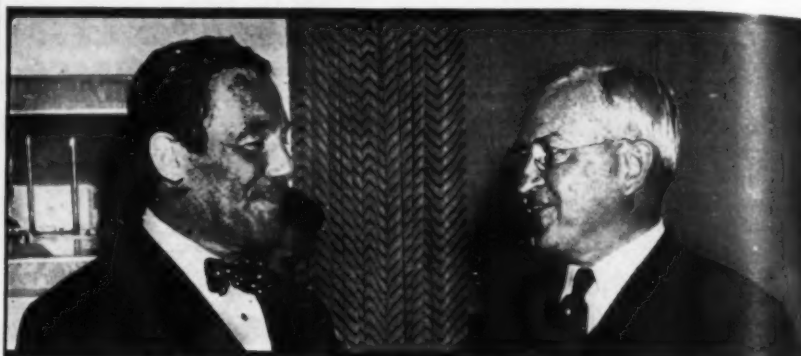
Maybe your plant belongs in this prosperous and strategic region. An ideal location on the Erie will mean low distribution costs. And it can mean bigger profits!

Let Erie's staff of experts help you find that perfect site. Their up-to-the-minute knowledge of markets, available properties, labor supply, sources of materials, etc., is entirely at your disposal. Just write the Industrial Development Department, Erie Railroad Company, Cleveland, or call your Erie representative.

Travel the Scenic Erie
... between New York, Binghamton, Elmira, Buffalo, Chautauque Lake, Youngstown, Cleveland, Akron, Chicago
AIR-CONDITIONED TRAINS
EXCELLENT MEALS • FINEST SERVICE • LOWEST FARES



Mr. Whalen, Meet Mr. Gibson



Climax of the New York World's Fair's phrenetic attempts to come through the year in the black was reached last week when Harvey D. Gibson (right, above), president and board chairman of the Manufacturers Trust Co., was appointed chairman of the board of the Fair Corporation. Though Grover Whalen (left)

remains in the presidential chair, Mr. Gibson's appointment means the fair is now in for a period of close financial regulation on the part of the banks which have such a whopping big stake in it. The new board chairman promptly announced that the World's Fair would continue for another year.

about the same as last year's, nearly \$1,750,000, but tank car shipments at lower unit prices increased about 3.7%. Main 1938 achievement was adoption of a bud-

get, closely adhered to this year. Chief unsolved problems: credit and capital. Goals: elimination of credit, and freedom from outside sources of capital.

Chain Tax Ranks Re-Formed

Patman legion builds on new foundation as Daughters gets his freedom and former Gov. Christianson tackles the opportunity. Meeting quiets talk of split.

LAST WEEK (BW—Sep 2nd 39, p.30) retailers were talking excitedly of a schism in the ranks which Rep. Wright Patman is counting on for support in his battle to push through Congress his bill to tax the chains out of existence. Meeting in Chicago, the organizing board of the new Freedom of Opportunity Foundation had summarily "relieved" Charles G. Daughters of his post as executive secretary, and there were rumors that he would push a rump organization. Chain men hoped it was so, for two rival groups might get in each other's hair.

But by this week the air was clearing a bit, and it seemed probable that the Chicago meeting represented not a schism in the Patman ranks, but a simple casting off of Daughters.

At one time on the other side of the fence, associated with the chains' own Institute of Distribution, Daughters for the last couple of years has been Patman's man Friday. With an office in Washington, he has headed what he called the Freedom of Opportunity Legion. No

formal organization, the Legion was sustained by catch-as-catch-can contributions from independent retailers and wholesalers, mostly in the grocery trade. Vaguely, the Legion worked "to liberate" the independent business man; more specifically, it worked for chain taxation.

See Room for Improvement

Middle of July, after Patman had got assurance that his bill would get early committee consideration at the next session of Congress, the Patmanites had a get-together with a few Congressmen in Washington (BW—Jul 22nd 39, p.32). Daughters handled most of the details of that meeting, and when the turnout—of both independent business men and Congressmen—proved disappointing, Mr. Patman began to listen to those who told him that his gospel was not being spread as best it could be.

At that meeting it was decided to form a permanent setup, and an organizing committee of 14 men was named. Report has it that not all of these 14 men could

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Chains

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To say at the ou would be certainl tion—and Freedom seems to tional As the outfit for putting books of 4 tary of th cago meet more than of Theod Christians nesota, is N.A.R.D.

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get along with Daughters. And fact is that three weeks ago, without vote of the board, Daughters suddenly incorporated the organization (under District of Columbia charter) as the Freedom of Opportunity Foundation, with himself as head.

Apparently, the board considered that an attempt to kidnap the child, for when it met last week in Chicago it started proceedings for the incorporation of the Freedom of Opportunity Foundation under Illinois charter, and served notice on Daughters to turn over to them all files, lists, money and other assets of the group of which he was secretary. The board said that the Freedom of Opportunity Foundation is a copywrited name and belongs to one of them, C. T. Habegger, president of the Berne Mfg. Co., Berne, Indiana.

Chains Are Watchful

Whether Daughters meekly gives way to the board or decides to put up a fight doesn't seem to make much difference. Rep. Patman was at the Chicago meeting, and has thrown in with the new organization. No other group is going to get very far pushing for the enactment of an anti-chain law without Mr. Patman.

To say that the chains are now scared at the outcome of the Chicago meeting would be putting it too strongly. But certainly they are giving it serious attention—and that largely because the new Freedom of Opportunity Foundation seems to have the blessing of the National Association of Retail Druggists, the outfit that deserves almost sole credit for putting fair trade laws on the statute books of 44 states. John Dargavel, secretary of the N.A.R.D., sat in on the Chicago meeting and it's argued that he had more than a little to do with the election of Theodore Christianson as president. Christianson, one-time governor of Minnesota, is public relations counsel for N.A.R.D.

Research for Arguments

The new corporation will open an office in Chicago. Officially, the location has not been decided, but a good guess is that it will be at 205 W. Wacker Drive, where N.A.R.D. has its offices. Thus far, an executive secretary has not been chosen, but pending a selection the job will be done by W. F. Powers, secretary of the Independent Business Men's Association of Iowa.

That job, as one member of the board describes it, will not be to supplant trade associations of independents, but to coordinate their efforts through a "big research job" which will gather arguments for the Patman bill. Asked what kind of research, the board member replied that "there's plenty of material available—in the reports of the government, the Federal Trade Commission, the Department of Commerce, and elsewhere."



Set free by a DICTAPHONE



1. "My boss is working late tonight, clearing up his dictation . . . and, lucky me, here I am at home on time!"

2. "Remember how often I used to be late. I always had trouble on busy days getting together with the boss for dictation."



3. "Sometimes it took me all day to get figures for him, and then I'd have to wait while he got ready to dictate."

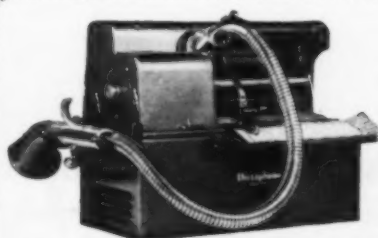
4. "Often he wouldn't get down to dictation till late, and work always piled up on us. We never could get ahead."



5. "All that ended when he got his Dictaphone. Now he gives it all his dictation whenever he wants to."

6. "And I can get his work out promptly without overtime or interruption. He says I'm more valuable to him than ever . . ."

Give yourself and your secretary a break! Call your local Dictaphone office. Test this modern dictating machine at our expense. Then just try to go back to old-fashioned, time-wasting, two-person dictation.



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☐ Please send me copy of "Danger, Nobody Working."

BW-2

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PRODUCTION

PRODUCTS • PLANT • PROCESSES

Liquid Drives for Motor Vehicles

A.C.F. follows General Motors and Chrysler in adopting hydraulic transmission. Twin Coach and White Motors are experimenting with similar units.

LIQUID DRIVES, "shiftless transmissions," as some call them, are beginning to roll more and more of the wheels of American motordom. After years of commitment to the purely mechanical gear-to-gear drives of their motor vehicles (plus a recent foray into electric drives for buses and trucks), after years of consigning the age-old principles of hydraulics to the comparatively minor jobs of checking body bounce with shock absorbers, energizing brakes, and, more recently, absorbing valve clatter, the American automotive industry begins to turn more and more to liquid drives of one sort or another.

Last year, about this time, General Motors began tentatively to equip quite a few of its diesel-powered Yellow Coaches with "Hydraulic Drive." Last December, Chrysler stepped out with a "Fluid Drive" for its top-price Imperial passenger cars. Next week, A.C.F. Motors Co. will announce officially the equipment of its buses with the new "Fluidgear Transmission," the joint development of A.C.F. and Spicer Mfg. Corp. Meanwhile, Twin Coach is testing out Fluidgear principles on highway and dynamometer; White is experimenting with a similar unit.

For Driving Ease

Stripped of technicalities, what it all means is that American engineers have been watching European efforts at interposing the cushioning and shock-absorbing effect of a liquid connection between engine and wheels, have decided that the "bugs," if any, are sufficiently in control for volume production, and have persuaded American automotive manufacturers that now may be the time to give American drivers the greater driving ease that comes as an additional liquid-drive dividend.

Earliest recorded development of modern liquid drive is ascribed to Dr. Herman Foettinger of Germany who invented a "fluid flywheel" back in 1903. One engineer suggests that he got the idea for his design from the two halves of his breakfast grapefruit after he had eaten the edible portion, leaving the radial partitions standing. Another engineer suggests that he might have experi-

mentally or accidentally placed two ordinary electric fans on a table, facing each other, and turned one on. Both engineers may be right, because the air stream of the powered fan will cause the unpowered fan to revolve, and the two halves of Foettinger's original device, the driver and the driven, are almost identical metal bowls whose internal blades, or vanes, look for all the world like grapefruit partitions. Instead of air as a power-transmitting medium, he used light oil of about the consistency of kerosene.

What he achieved is in effect a simple centrifugal pump which moves oil in a continuous circuit, from the center to the periphery of the driver, to the periphery of the driven, to the center of the driven, and back again to the center of the driver, for further circuits. On the way, much of the power imparted to the oil is imparted to the driven. Thus, when the grapefruitlike driver takes the place of a flywheel on the end of the automobile engine's crankshaft, and the engine speeds up, power may be said to

flow through oil to the driven and thence to the rear wheels.

Early in the game, Foettinger saw that his fluid flywheel worked best at a constant speed. To secure the "multiplication of power" necessary to move a car up a steep hill or out of the mud, he found it a good idea to hitch the flywheel to a conventional geared transmission, and to "shift" for extra power as needed. Later he found that he could dispense with a gear-box entirely by using several sets of vanes in the driven half of his device, interposing sets of "stator," or non-whirling, vanes between them after the manner of a multi-stage steam turbine. This second design became known as the "hydraulic torque converter."

In England, the designers of the Daimler car took up the fluid flywheel-gear-box combination; the designers of the Leyland bus took up the torque converter; other designers of other automotive outfits followed along. There have been modifications and improvements of the two basic designs, too numerous to mention. The net result is that thousands of hydraulically driven buses and cars are tooling their way successfully along the English highways and byways. Many have found their way to Canada.

Sinecure for Bus Driver

In the United States, A.C.F. and Chrysler are sticking pretty close to the flywheel-gear-box combination; Yellow sticks to the torque converter. As there is practically 100% slip in a fluid flywheel when the engine is idling, and there is no real necessity for a mechanical clutch, A.C.F. has decided to go along without one. It mounts its gasoline engine under the floor of the bus with its Fluidgear

New Products for New Needs



This evidence of how manufacturers are designing new products for wartime needs turned up recently at Radiolympia, London's annual radio show—an emergency lighting generator to furnish electricity in air raid shelters.

transmission and three-attached.

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Self-Unl

FOLLOWING with its se Boland & c with Beth convert th similar self 10,000 ton terial. Un belt convey to a bucke feed a boe charge int or barges. subcontract ment, estim seven hour

transmission, consisting of fluid flywheel and three-speed transmission, directly attached.

With an ingenious pneumatic control, which was devised in cooperation with Bendix-Westinghouse, the bus driver's job becomes a sinecure. If he is operating in one gear and wishes to shift to another, he has only to move a small lever under the steering wheel, release the accelerator momentarily, and depress it again. The momentary slowing of the engine permits the gears to change automatically without shock or jerk.

Little to Maintain

The Yellow torque converter, which incidentally was also developed in cooperation with Spicer, has rolled up an impressive record in its first year of operation. Already over 400 Yellow diesel buses equipped with this type of hydraulic drive are maintaining schedules and making good economy records in city and country. As maintenance men become familiar with the single row of vanes on the pump wheel, or driver, the three rows of blades on the rotor, or driven, and the two rows of stationary blades affixed to the casing, and begin to appreciate that there is little in fact to maintain, they begin to give the go-ahead to bus executives for more and more of the gearless buses.

Maintenance men are also discovering that the "rubberlike" cushioning effect of any kind of liquid drive between engine and rear wheels is bound to insulate the rear axle from engine shocks and the engine from road shocks. Both ways, the boys win by lowered demands for repairs and adjustments; passengers win with a smoother ride. Critics of liquid drive, on the other hand, point to its inherent slip which ranges from 100% when the engine idles to 3%, more or less, when the bus or car is wheeling along at cruising speed (the Yellow goes automatically into "direct drive" at 17 m.p.h.). Proponents counter with an unargumentative "So what? We'll trade lowered maintenance and an improved ride for a couple of cupfuls of gas or oil any day."

Self-Unloading Ship

FOLLOWING FOUR YEARS of experience with its self-unloading steamer *Achilles*, Boland & Cornelius, Inc., has contracted with Bethlehem Shipbuilding Co. to convert the ex-U. S. collier *Jason* into a similar self-unloader. Hoppers will carry 10,000 tons of coal or other bulk material. Under the hoppers will run two belt conveyors 285 ft. long carrying coal to a bucket elevator which in turn will feed a boom conveyor designed to discharge into railway cars, storage piles, or barges. Robins Conveying Belt Co., subcontractor for the conveying equipment, estimates unloading time at six to seven hours.



Speeding over the towering pinnacles of the great cities, roaring high up over the snow-clad mountain peaks, the modern airliner must epitomize SAFETY in every metal part. That is why DROP FORGINGS, which combine the virtues of maximum strength and minimum weight, play such an important part in the modern airplane (crankshafts, connecting rods, cams, pistons, crankcases, propeller blades, etc.). That is why the metal stampings for fuselage and wing sheathing must combine the highest tensile strength with the minimum weight.

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On page 2 of the Durez Plastics News, current issue, you'll find the story of a remarkable new iron, with Durez molded parts, put out by the Proctor Electric Co. Story is typical of nearly a score that cover the electrical, automotive, sporting goods, electrical appliances, closure, packaging, radio, and many other fields!

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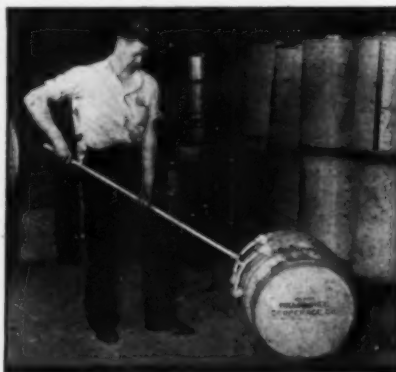
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NEW PRODUCTS

Barrel and Drum Pusher

PRACTICALLY ANY BUSINESS will find a use for the Ezy-Roll Barrel Pusher. Milwaukee Cooperage Co., 3030 W. Auer Ave.,



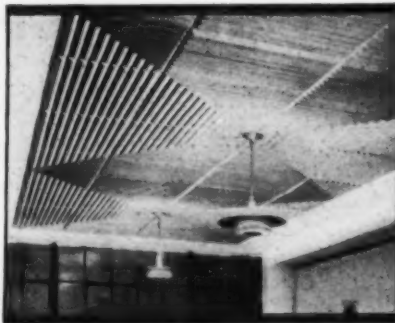
Milwaukee, assembles it out of a strong wooden handle, a malleable casting, and four rollers, or casters, which revolve with the movement of any drum, keg, or barrel, steering it easily to any desired spot.

Color Flash Lamp

NO COLOR FILTER is necessary for indoor color shots, when pictures are taken by the light of the new Munder Color Flash Lamp, developed by Munder Electrical Co., Springfield, Mass., to duplicate the color characteristics of bright sunlight.

Parab-O-Lume

MORE EFFECTIVELY to distribute the illumination of indirect lighting fixtures, Berger Mfg. Division, Republic Steel



Corp., Canton, O., developed the new Berloy Parab-O-Lume Ceiling Unit, which in effect transforms any flat ceiling into a parabolic reflector, bending light rays downward onto working surfaces. The unit, stamped from steel sheets in a prismatic design, comes in four sizes: 6 x 6, 8 x 8, 10 x 10, and 12 x 12 ft.

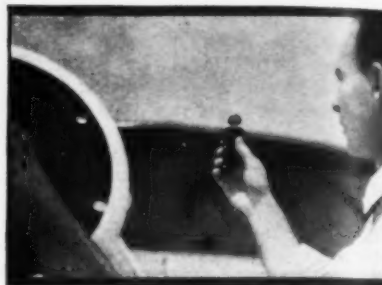
Thermostatic Mixer

NEWEST THERMOSTAT mixing valve of Thermo-Mix, Inc., 129 Grand Ave., Brooklyn, is Thermo-Mix No. 6, designed to keep photographic developing and

printing baths at constant temperatures, regardless of fluctuations in pressure and temperature of incoming hot and cold water lines.

Windikator

DESIGNED TO GIVE aviators and other outdoor sportsmen the direction and velocity of the wind, the Windikator is finding indoor use as an instrument for determining the efficiency of fans, blowers, and other air-circulating devices. General Commu-



nication Co., 677 Beacon St., Boston, makes it in two pocket-size models: one to give velocities up to 30 miles per hour, the other up to 60.

Advertising Rate Meter

TO CELEBRATE the 10th anniversary of the Chicago Times, Chicago, the newspaper's research department is bringing out a new Rate Meter which will give at the twist of a dial the milline rate for any newspaper, the cost per page per thousand of any magazine, and the net rate per line after deduction of the 15% agency discount. Perry Graf Corp., Maywood, Ill., makes the meter.

Luximeter

WHILE DESIGNED PRIMARILY for determining the degree of pasteurization in milk by the "phosphatase test," the new G-E Luximeter may be applied readily to de-



termining turbidity in water and other liquids. General Electric Co., Schenectady, N. Y., combines in one 6-volt portable instrument (it weighs only 2 lb.),

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Reservoir Penset

THE RESERVOIR, or bottle, of the new Regal Reservoir Penset holds 27 times as



much ink as an average fountain pen; each dip of the pen provides ink for 300 words. Turner & Harrison Pen Mfg. Co., Inc., Philadelphia, has so designed its new desk accessory that the reservoir may be refilled without drip or muss, and the pen may be changed with a simple twist of the plastic penholder.

PRODUCTION ANGLES

Lamps vs. Bacteria

TO PROTECT MILK against infection, hood-caps were developed to cover the pouring lips of bottles. To protect Cowdrey Innawire Hood-Caps from infection during manufacture, Cowdrey Products Co., Fitchburg, Mass., just completed the installation of 21 General Electric bactericidal ultra-violet lamps throughout the production line.

Oil Filter Research

NEWEST INDUSTRIAL RESEARCH fellowship at Mellon Institute, Pittsburgh, will study oil filters for Fleming Mfg. Co., Providence, R. I.

New Census Classifications

CHANGES IN THE NATIONAL manufacturing set-up call for corresponding changes in the 1939 Census of Manufacturers which will be taken early in 1940. Increased utilization of soy beans, for example, will bring for their products a separate classification under "chemicals and allied products." Plastics will no longer be buried under "chemicals not elsewhere classified." Mineral wool (rock, glass, slag, etc.) will no longer be lumped under "building insulation materials."



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War Eases Ship Labor Crisis

Pacific Coast employers insist on penalties for contract violation. Public opinion turning against Bridges in threat of shutdown.

EUROPEAN war and a hardening of public opinion against unnecessary labor disturbances worked a noticeable change in Pacific Coast waterfront problems this week. Whereas a week ago it seemed likely that shippers and union members would be unable to renew their working agreement before it expired on Sept. 30, the likelihood now is that governmental pressure will force a peaceful arrangement.

The International Longshoremen's & Warehousemen's Union of C.I.O., led by Harry Bridges, has been talking about shorter work days and higher pay. The employers, represented by a coast-wide organization, insists on new penalty provisions for violation of contracts. And the trend of public opinion can be gauged by a blast touched off under Bridges last week by the *San Francisco Chronicle*, which heretofore has been very friendly to unionism yet which now characterizes Bridges' claims as "unadulterated bunk."

Meanwhile, in the intercoastal trade, late September and October bookings are being cancelled in favor of railroads and truck lines. In the European, Hawaiian, trans-Pacific, and South American trades, cargoes are being diverted from San Francisco, Los Angeles, Portland, and Seattle to Canadian ports.

Rule Out Wage Increases

When negotiations for new contracts began Aug. 10, the Waterfront Employers Association of the Pacific Coast served notice that: (1) they won't agree to wage increases because Pacific Coast stevedores already get the highest hourly longshore rate in the world (95¢ an hour straight time, \$1.40 overtime); (2) they can't concede a shorter work day than the six-hour period now in effect, especially since they're getting from the men, they claim, "only half the work they formerly did"; (3) employers don't intend to waive penalty provisions of

New England Council Points to Reduction in Strikes

Its figures on industrial disputes in New England as per cent of United States total show steady drop since 1933.

Year	Number of Strikes	Workers Involved	Man-days Idle	Per Cent Wage Earners in New England*
1927.....	17.8%	6.7%	18.9%	13.2%
1928.....	19.7	16.5	32.5	
1929.....	13.0	11.1	19.8	12.5
1930.....	12.1	4.6	3.2	
1931.....	13.1	16.3	19.0	13.1
1932.....	13.2	4.9	2.1	
1933.....	18.2	13.0	13.5	13.2
1934.....	8.3	15.0	12.7	
1935.....	9.7	4.4	6.3	12.3
1936.....	9.1	7.3	5.5	
1937.....	10.0	6.0	5.0	11.9
1938.....	7.3	4.4	4.4	

* Figures on total employment are available only on biennial basis.

THE NEW ENGLAND COUNCIL, six-states economic research and development organization engaged for several years in a campaign to bring new business to New England, has added a new weapon to its sales-arsenal. This week it released a brochure of strike statistics highlighting the relative quiet that has prevailed among industrial workers in Maine, New Hampshire, Vermont, Massachusetts, Rhode Island and Connecticut for the past five years—while the focus of labor unrest has shifted to the Middle West where the

Congress of Industrial Organizations has been organizing the automobile and steel industries. The table reproduced above is exhibit No. 1. Geographical comparisons are also drawn with selected areas. The Mid-Atlantic area (New York, New Jersey, Pennsylvania) lost 8.2 days per man in strikes in the first quarter of 1939; the Midwest (Wisconsin, Illinois, and Missouri), lost 23.7 days per man; the Southern area (North Carolina, South Carolina, and Georgia) lost 6.8 days; in the same time, New England lost only 5.8 days per man.

present contracts because "they can't continue to be bound by contracts the longshoremen disregard."

Since the first few mid-August meetings, both parties have avoided neatly any further negotiations, while attempting to blame their opponents for the delay. The battle has been fought chiefly by letters to the press containing charges and counter-charges. Late last month, employers proposed that Wayne L. Morse, federal coastwise arbitrator, appointed by Secretary of Labor Perkins under terms of current waterfront contracts, be asked to decide which of the proposals advanced by each side should be subjects for negotiation. Bridges, preoccupied with deportation hearings on Angel Island, turned that one down.

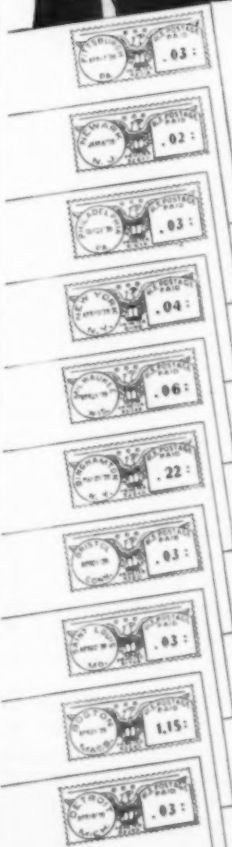
The penalty issue has become the heart of the whole bitter dispute, as sub-surface developments early in August indicated (*BW—Aug 5 '39, p. 30*). Indeed, a coastwise tie-up was averted last week only when Arbitrator Morse assumed jurisdiction over a longshoremen's penalty situation in Los Angeles Harbor that was rapidly closing all docks there, and ordered the men back to work pending an investigation.

Union Stands Firm

Because details of the Los Angeles impasse may set an important precedent, waterfront observers are studying them carefully. Last May, longshoremen refused to go through a Chinese "demonstration" picket line around two ships loading scrap iron for Japan. Employers charged the action violated "no work stoppage" clauses in the contracts and appealed to the Los Angeles arbitrator, Irvin Stalmaster. In late July, Stalmaster ruled the employers' position correct and suspended some 60 longshoremen from work for one week. The union voted to ignore the ruling and appealed to Sec. Perkins that her arbitrator was prejudiced. Sec. Perkins refused to review the decision and advised the union to abide by contracts. A tie-up was blocked when Stalmaster agreed to rehear the case. Late last month, he declared his original findings were correct and imposed a one-week penalty on the 60 men. Again the union refused to give in. The 60 men were dispatched to work from the hiring hall Aug. 28 as usual and were ordered off the docks by the employers. As each gang dispatched thereafter included some of the penalized 60, work on the docks came to a standstill. Employers then prevailed on Morse, the coastwise arbitrator, to take jurisdiction and prevent a coastwise tie-up and penalties were suspended Aug. 30, pending a study and ruling by him.

Contract negotiations between the employers and I.L.W.U. probably will drag along until late September, with Coast business becoming increasingly uneasy and exerting pressure on both sides for some action. Then Bridges, if he runs

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true to form, is likely to announce that, in the public interest, he is ready to work along with a "verbal understanding" based on current contracts until negotiations have produced a new formal agreement. Such a move would give Bridges plenty of leeway on the observance issue and would permit him to pull a series of quickie strikes during the negotiation period to add weight to his demands. Present temper of waterfront employers indicates that if no new agreements are formed by Sept. 30, they'll insist on wiping the slate clean and starting all over again to negotiate contracts without reference to the terms of agreements now in force. This would jeopardize all the gains made by the union under the Bridges regime.

Actors' Row Ends

Sophie Tucker's group returns to A.A.A.A. as stagehands offer Whitehead a job. New threat looms on West Coast.

PEACE—FOR THE TIME BEING—descended on the entertainment labor front this week, with an agreement between the actors and stagehands that they would leave each other's backyards alone. Out in Hollywood, however, a determined assault on the stagehands' preserves was being made by a group of independents, who have gained an NLRB order for employee elections in 10 major companies to determine collective bargaining agents.

What seemed to be a battle to a finish (*BW*—Jul 29 '39, p. 28) between the actors and stagehands rolled up an impressive number of top headlines before it subsided. Called into the fracas, the A.F.L. executive council failed to settle the row, but over last week-end the various international officers of the unions succeeded in getting together.

As far as could be determined, only one point was left unsettled—the official status of Ralph Whitehead, whose management of the vaudeville actors' union, headed by Sophie Tucker, brought about the expulsion of the group by its parent body, the Associated Actors and Artists of America. The stagehands promptly took over the orphaned union including Mr. Whitehead. The A.F.L.'s first effort fell flat when the executive council tried to get the A.A.A.A. to take him back. His name was not mentioned in the formal agreement ending the quarrel this week, because the issue was disposed of by offering him a job in the stagehands' big union.

Next ruckus, if there is one, is likely to come on the West Coast. There the independent movie unions, with C.I.O.'s sympathetic support, claim that they can "take" the stagehands. If the new group (United Studios Technicians Guild) wins the coming NLRB elections, a jurisdictional war is expected soon afterward.

For Services Rendered



Acme Steel Co., 60-year-old independent Chicago strip steel producer, recently presented service awards to all employees who had been with the company for ten years or more. Of Acme's 2,300 workers, 952 (40%) have been with the company for more than ten years, 274 for more than 15 years, 49 for more than 20, and 20 for more than 25 years. Above, President R. H. Norton (left) gives C. S. Traer, vice-president in charge of production, his 20-year service emblem.

LABOR ANGLES

"No Man Can Say"

STUDENTS OF LABOR union development, including both trade-union leaders and business men, will welcome a readable and up-to-date condensation of the experience of 11 major nations, just published. "Organized Labour in Four Continents" (Longmans, Green & Co., New York; \$4.00) was written by resident teachers and labor experts in the various countries, and edited by H. A. Marquand. On leave from University College, Cardiff, Wales, Marquand has become pretty well known to industrial relations men in the United States during the past year, while he has been teaching and writing at the University of Wisconsin. The preface to the new book closes on an appropriate note, warning that "no man can say whether war can be prevented or whether, if it occurs, trade unionism and other civilized institutions will survive."

Watch Closely

INFORMED INTERSTATE BUSINESS will watch for the results of a federal court hearing in Chicago, Sept. 25, when Montgomery Ward & Co. bumps into the Wage-Hour administration. Protesting the Constitutionality of the new law, the

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company refused to turn over all payroll records of its Kansas City branch to federal inspectors who have a complaint of non-compliance against the mail-order house. Administrator Elmer Andrews moved for a court order to produce the records, and that brings a notable "test case" up where everybody can look at it.

No Foolin'

THE ULTIMATE PAYOFF in the debate about the difference between A.F.L. and C.I.O. seems to have been reached this week in Creosote, Wash. In that lumber-mill town, employees of the West Coast Wood Preserving Co. tangled in a jurisdictional row; and the NLRB held that A.F.L. won the argument. What's astonishing about this row is that the A.F.L. union insisted that all 96 employees be changed in one union (as indeed they had been under two yearly contracts), but the C.I.O. demanded that 9 boommen and rafters be given a separate craft recognition. The unions would have to trade sides to make these claims square with their national ideologies.

War Bonuses

THE NATIONAL MARITIME UNION (C.I.O.) has asked special compensation for war zone work. Three basic demands were presented to the Merchant Marine Institute two days before war broke out: (1) \$25,000 war risk insurance per sailor; (2) a 40% increase in personnel; and (3) \$250 per month per man bonus. An agreement, "somewhere in between," is expected.

C.I.O. Takes Lead

THE RACING RECORD for Aug. 1 to Aug. 23 of those two fillies, C.I.O. and A.F.L., who are working out on the NLRB track, shows that the wise money should have been a little heavy on C.I.O. The labor board held 52 secret ballot elections during this period. Employees of a group of diversified companies chose C.I.O. unions for their collective bargaining agents in 23 of the 33 elections the C.I.O. entered. The C.I.O. lost 9 and tied 1. The A.F.L. entered 27, won 12, lost 14, tied 1. Unaffiliated unions, which were especially potent in Hollywood studios, contested 10 elections, won 7, lost 3. A.F.L. and C.I.O. tangled 13 times, C.I.O. winning 8, A.F.L. winning 4, and 1 tie.

Who Reports—and What

THE FOREMOST COLLECTOR of information about reports to employees, the Policy-holders Service Bureau of the Metropolitan Life Insurance Co., took another lead on the research field this month with its second extensive report. Fully discussed are what employees want to know, what companies are telling them, and what methods are being used. Named are some 170 companies which issue employee information, also about 50 more which are adopting the latest idea of "intermediate reports" to the workers.



Designed and Constructed by The Austin Co.

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Used to Prevent Telegraphing of Sound

The Hollywood Studios of the National Broadcasting Company offer an example of the practical adaptability of Carey Elastite Expansion Joint to new uses. Here this premolded isolation joint was used to separate the concrete floors, laid on the ground, from the adjoining walls; also to separate different sections of the walls, the purpose in both cases being to prevent the telegraphing of sound from one part of the building to another. Write today for specifications of this versatile Carey Product — Address Department 29.

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MONEY AND THE MARKETS

FINANCE · SECURITIES · COMMODITIES

Traders on War-Boom Bandwagon

Stocks, commodities, and low-grade bonds lead market advance touched off by the war news. Commodities skyrocket despite foreign stock-pile accumulations.

WAR this week accomplished the unexpected. It took the markets out of their lethargy—on the upside—instead of depressing them as had been feared. Stocks, commodities, and low-grade bonds soared, while high-grade bonds drifted lower. During the recent weeks of tension, the markets had acted nervously. But once England and France decided to fight, indecision gave way to aggressive buying as traders climbed aboard the war boom bandwagon. Such "war babies" as steels, metals, chemicals and sugars had their day on Tuesday, and huge blocks of stocks changed hands.

U. S. Steel and Bethlehem did not open until an hour after trading had started; when they did, they registered gains of 8½ and 9½, and closed with advances of 13½ and 14½. Allied Chemical advanced 13½ points; American Metal came within 3 points of its year's high, Kennecott Copper within 1 point. Low-priced stocks such as Manati Sugar more than doubled in value. Later in the week, the rise flattened out as profit taking set in, and traders took a more considered view of the "war boom."

As was to be expected in a "war" market, high-grade bonds were off. Investors and speculators sought to get clear of fixed-income issues and into "inflation" securities. Thus low-grade bonds actually rose, at a time when the Federal Reserve was unable to stem the decline in governments despite actual buying support and the subtle pressure applied by forcing dealers to reveal names of sellers.

Turn Away from Low Coupons

The decline in bond prices indicates a shift in the entire financial market. Common stocks or convertible bonds and preferreds—as war sweeteners—will undoubtedly tend to be favored vehicles of new financing or refunding instead of high-grade, low-coupon issues. (Later, of course, bond financing will come back.) Earnings of banks and insurance companies will rise, but these institutions will take beatings on their portfolios, due to the drop in prices.

Commodity markets were the wildest of any this week. Harking back to the boom of the last World War, speculators jumped in and bought: wheat, sugar,

rubber, copper—in fact, all commodities that were threatened with a war scarcity. Terrific runups—in some cases to the trading limits—resulted, and in the spot markets offers were withheld hours at a time. Wheat, for instance, went up the 5¢ limit on three different days. The reaction that subsequently followed in a number of these commodities was brought on by traders looking for "quick" profits, and served for the moment to check the rise.

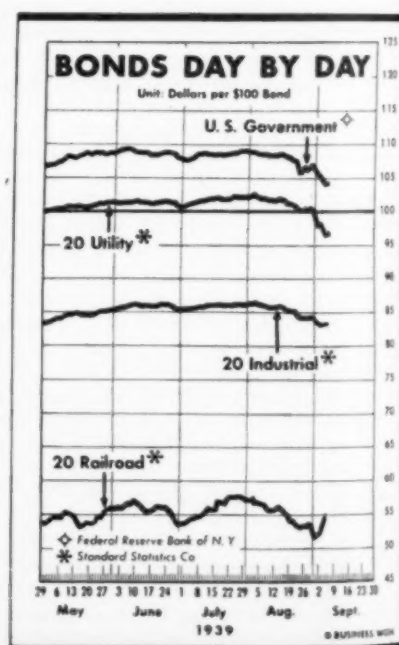
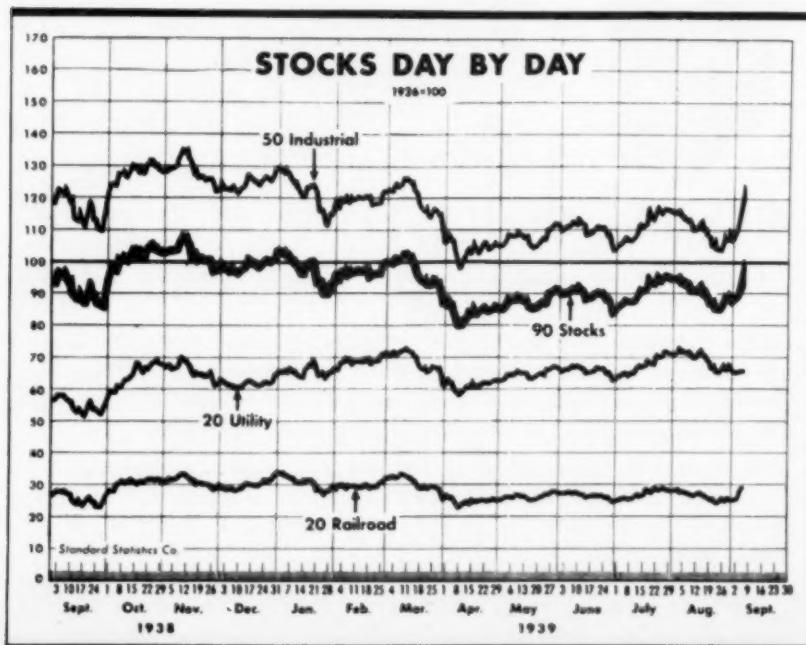
The markets were in vivid contrast to what prevailed a month or so ago. Then wheat in Liverpool sold at the lowest prices ever recorded; cottonseed oil and lard were begging to be put on the AAA list of "surplus" commodities; cocoa hovered within 10 points of its all-time low.

Not a Duplication of 1914

The commodity scramble was induced no doubt by the experience of 1914. After the initial "freeze" then, there was a tremendous market resurgence, till the government stepped in with its War Industries Board. But conditions today are not the same as 25 years ago. European nations are not as unprepared as they were then; in fact, for more than a year, they have been accumulating large stock-piles of vital war commodities.

Similarly, the United States is far less dependent upon foreign sources of supply than two decades ago. No longer need we worry about imports from Germany of chemicals, for instance; the chemical industry today is substantially self-sufficient.

Thus, second thoughts undoubtedly will reverse the snap action of many commodities—when supply, demand, and delivery are analyzed. Principal factors of concern will then be the availability of supplies, shipping facilities, possibilities



substitution, and the cost of war risk insurance. This week, the government was watching as keenly as any business man the situation of securities and commodities. Late in the week, it had not yet interposed to halt the flow of trading. Similarly, the managements of the various exchanges had refrained from any important action to restrict trading. It was left to the rally would in time check itself.

FINANCIAL ANGLES

Answer to a Prayer

WHEN WILLIAM MCCHESENEY MARTIN, president of the New York Stock Exchange, submitted the report of the public examining board to members of the exchange (see page 20), he indicated quite clearly that he could use a respite from further "reforms." In a letter accompanying the report, he declared: "It is imperative at this time that we concentrate our time and our energies upon the rebuilding of our business. As we work to this end, we have the right to regard the policing power as citizens do in other walks of life, feeling that, while it is ever present in the background, it should never be so much to the forefront that it suppresses legitimate activity." The war this week "rebuilt" Mr. Martin's business. Tuesday's \$930,000 shares provided the biggest day since Oct. 19, 1937, when the market had a 7,238,000-share collapse from the 1936-37 recovery. The price of an exchange "seat" rose \$5,000 to \$65,000, and the New York Stock Exchange golf tournament was indefinitely postponed.

Underwriters Switch

THE EXCITEMENT of the last ten days has taken a lot of starch out of the high-grade bond market. Now that investors seem interested in equities, underwriting houses are doing just as drastic a turnaround as stocks. Instead of planning bond deals for refunding and new capital issues, they're working on common stock programs—either equity sales directly or convertible bonds and preferreds. The break in fixed income securities indicates that a 2½% coupon—such as Shell Union's—is not apt to be attached to a bond certificate in the near future.

Un-Unanimous Boom

TUESDAY'S BOOM IN STOCKS was by no means unanimous. Interspersed amid the plus signs were such significant minuses as these: Woolworth, because it has big British interests; Cream of Wheat, National Biscuit, National Distillers, and Hiram Walker—all of which will have to pay higher prices for cereals and grains; Coca Cola, which uses lots of sugar; Loew's, because foreign royalties will be down sharply; Remington Rand, which depends on exports; Inter-



Castles that CRUMBLE

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Some estates crumble through the faithlessness of the fiduciary administering them. More often they dwindle through well intentioned failure to comply fully with legal requirements. The supervision exercised by an experienced corporate surety often helps keep estates intact. If estates do suffer loss legally chargeable against the fiduciary, restoration is made by the surety.

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national Tel. & Tel. because it has plants in Europe; and Homestake Mining, caught between probable rising costs and a price for gold fixed at \$35 an oz. only as long as this government is willing to buy it. There was one anomaly. Sears, Roebuck went down while Montgomery Ward went up. Yet both can count on better sales if farm income rises along with farm prices.

"Hot Money" Plans

THE CAREFULLY LAID PLANS of Washington and Wall Street to protect domestic securities markets against a surge of European selling were entirely unnecessary. Instead of a wave of selling, there was heavy buying on Tuesday when the exchange opened after the French and British declarations of war. Ultimately, as foreign nations purchase supplies here, European securities will be liquidated in this market; but both Britain and France will cooperate with U.S. authorities to keep the liquidation orderly. Such European investments, according to a recent recapitulation, amounted to \$5,500,000,000, and included \$1,100,000,000 in direct investments in plant and property, \$2,700,000,000 in stocks and bonds, and \$1,700,000,000 in short term bank deposits. European investments comprise a good two-thirds of the total foreign investments in the United States. Europe also has \$1,100,000,000 in earmarked gold here.

BUSINESS ABROAD

FOREIGN TRADE • INTERNATIONAL AFFAIRS • FOREIGN INDUSTRY

Canada—And War Business

Dominion expects to play important rôle as arsenal for Britain and intermediary between London and Washington. First war controls are voluntary.

OTTAWA (*Business Week Bureau*)—In this new war, of machines rather than of men, Canada will play a key role ultimately as arsenal of the British Empire and her allies.

That is the reason why Canadians listened so intently to President Roosevelt's interpretation of the United States stand on neutrality, and then waited so impatiently for Ottawa's statement before the Dominion parliament on the part the country intends to play, at least at the beginning of the war. Will Canada "go to war" to aid Britain, or "cooperate" with the British by remaining neutral for the present for the sake of the benefits which might come from close manufacturing cooperation with the United States? Since Canada

BUSINESS NEWS cabled from Europe and ordinarily carried in this department has, in this first week of war, been incorporated in the "front page" news stories at the beginning of this issue.

has almost no trained fighting forces it could send overseas at once, and no more war equipment than is necessary for the defense of the country, executives throughout the Dominion expected Canada to cooperate from the sidelines, at least for the present.

As far as war time controls for business are concerned, it depends on business itself whether war emergency laws already enacted are put into effect. Ottawa has made it plain that it prefers voluntary cooperation from business, at least in the early stages of the war.

Canadians were more concerned this week with the possible new control laws than with the production problem on which they have been at work for some time.

Move Against Profiteering

First concern of the government is to prevent profiteering, and hoarding of necessities. A Prices and Trade Board was created a week ago with unlimited powers to enforce licensing of both manufacture and distribution, but with the government's blessing to try voluntary cooperation with business first. Canada has gone back to its War Measures Act of 1914 for authority to regulate all business. Wheat and fish being under the control of special boards already, they are exempted from regulation by the Prices and Trade Board, as are farm products generally.

Actually the first major trade disturbance arising from war has been caused by the government's strict control of the marketing of wheat. Canadian millers are unable to buy wheat and, after announcing an initial price advance of 50¢ a barrel on flour at the end of last week, have withdrawn quotations. Owing to the Wheat Board's ini-

The "Satartia" Sails for the Orient



Thanks to Seattle businessmen, the U. S. Maritime Commission's Puget Sound-Orient shipping line started service this week. The commission expected to start it this spring (BW—Jun10'39,p40), but the Sailors' Union of the Pacific began picketing the line because of the commission's

policy of hiring seamen through its own employment offices, rather than through union hiring halls. Seattle's aroused businessmen finally engineered the delicate rapprochement which resulted in the sailing of the line's first ship, the "Satartia" (being refurbished, above).

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tial price guarantee, all wheat deliveries are made to the Board and, with prices rising the statutory five-cent limit every day on the Winnipeg exchange, the Board refused to sell until the market price reached its guaranteed minimum. Millers customarily buy 5,000 bu. of wheat for every 1,000 bbl. of flour sold, but cannot now quote flour prices. The situation will automatically adjust itself as soon as wheat prices pass the Board's guaranteed minimum, and the bread grain is again allowed to flow to market freely.

Strong initial reaction to war has occurred in the Canadian stock markets, as in the United States. Montreal and Toronto exchanges are operating under a self-imposed short-selling ban. Investment dealers are withholding by agreement quotations on provincial, municipal, and corporation issues due to unsettled conditions.

Some companies (Eaton's and Simpson's department stores) have arranged benefit plans for employees who enlist. Men with dependents will receive the difference between military pay and present company pay; without dependents, the difference up to three-quarters of company pay.

While Ottawa is silent on the subject, some business quarters expect that, without much delay, industries capable of manufacturing war equipment and those producing vital food and other necessities will be placed under direct government control.

Long View Had Been Taken

British and Canadian industrialists, and their governments, have been working for three years on plans to make Canada a great reserve supplier of war materials for Britain. Results so far have not been spectacular in terms of output. But Canadians believe that painstaking efforts during the last year have prepared the Dominion to swing on a few months' notice into production on an impressive volume basis, particularly of aircraft and field guns.

Under the present setup, parts for the huge Handley-Paige bombers, designed in England and in mass production there now, will be made in the plants of six Canadian companies. The assembly will be handled at two new plants, from where the completed bombers will be flown across the ocean to Britain.

Preparations are being rushed for the manufacture of field guns at the Marine Industries plant at Sorel. Three years ago, Canadian companies were prepared to manufacture these guns, and now various plants in Montreal will start manufacture of parts, to be rushed to Sorel for assembly.

Every attention in Canada is to be centered, from the start, on the manufacture of armaments. Many subsidiaries of United States companies will share this business. Among the first will

be the automobile companies. But Canada, so long as it is neutral, will also act as a purchasing agent for Britain in the vast industrial market of the U.S.

Latin Trade Plum

Exporters eye South American markets which war prevents Germany from supplying.


IT IS SYMBOLIC of what American exporters expect to happen to Germany's hard-won markets in South America that the first German vessel sunk by the British in the present war was a freighter returning across the South Atlantic to Germany with a cargo of Argentine and Uruguayan wheat and hides.

Faced with the necessity of feeding a vast war machine at home, and with a British blockade, Germans fear they will not be able to hold many of their distant markets. And all Europeans are at a disadvantage trying to ship to Latin America because of the soaring war risk insurance rates in European waters and the threat of dislocated production schedules at home.

But what may be a catastrophe for German exporters is likely to be a boon to the United States. All this week New York export houses have been receiving air mail letters and cablegrams from worried dealers in Central and South America asking for quotations on all kinds of materials which, until recently, had been supplied by Germany or some other European nation.

Americans who have been anxiously watching German commercial penetration in Latin America are aware of the trade plum now dangling before them. Out of total imports of about \$1,500,000,000 in 1938 (table, p. 58), supplies worth nearly \$250,000,000 came from Germany. Brazil alone took nearly \$75,000,000 of German manufactured goods which United States manufacturers would like now to supply, and the Argentine took another \$48,000,000. In the light of the developments of the last few days, Buenos Aires is particularly happy that trade talks with the United States were opened before war was declared, for it puts the Argentine in a more favorable light than if the trade plans had grown directly out of the desperate need of finding a new market and a new supplier to take the place of Germany and

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PRIOR PREFERENCE STOCK

\$2.50 Dividend Series of 1938

62½¢ per share

COMMON STOCK

45¢ per share

Both dividends are payable Sept. 30, 1939 to stockholders of record at close of business Sept. 15, 1939.

E. A. BAILEY

Sept. 1, 1939

Treasurer

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Business Week

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Where There Are New Markets for U. S. Exporters

War crisis is expected to force Germans out of South American markets, and curtail the United Kingdom's ability to compete.

Country	Imports (Millions of Dollars)			Total (incl. all others)
	Germany	U.K.	U.S.	
Argentina .	48.3	87.3	84.0	476.1
Brazil	73.8	30.7	71.5	295.4
Central America .	13.0	4.2	37.0	70.7
Chile	26.7	10.9	28.6	103.5
Colombia . . .	15.6	9.9	44.4	69.1
Cuba	4.8	4.5	75.2	106.0
Mexico	20.4	4.6	62.7	108.9
Peru	11.8	5.9	20.0	58.3
All Others. . .	34.7	18.2	71.5	152.0
TOTAL.	249.1	176.2	494.9	1,460.0

the other European nations which are so important to the Argentine.

The war is having another beneficial effect on the Latin American countries. Soaring commodity prices this week boosted Latin American purchasing power by millions of dollars.

The 14½ jump in wool prices in the first six days after Germany marched into Poland is worth \$37,000,000 to Argentine sheep raisers, in terms of 1937 exports. To purse-pinched Uruguay, it means more than \$12,000,000.

A 10¢ increase in the price of wheat swells the Argentine farmers' income nearly \$20,000,000. Soaring cocoa prices already have boosted Brazil's potential income from the brown bean by nearly \$5,000,000, while little Ecuador looks for a bulge of \$1,000,000 in its income from the cocoa crop.

Chile prospers or languishes on its foreign sales of copper and nitrate. A 1¢ increase in copper means \$9,000,000 to Chile, nearly \$1,000,000 to Peru.

Holders of South American bonds flashed their first real smile in years as they watched commodity prices rise. Even if first hopes have been too optimistic, they feel confident that they stand a better chance now than in many years of getting a favorable settlement on many defaulted issues they hold.

This Time U. S. Can Handle It

In Washington and New York, government officials and executives put their heads together on a program to make the most of the present opportunity south of the Rio Grande. When the last war came, the United States was not organized to handle efficiently the mass of foreign orders which were dumped on its desk. This time exporters know their markets, and the routine of selling abroad; the government is prepared to provide all necessary credit facilities that the banks cannot handle; and we have a merchant marine capable—when reallocated—of handling any volume of business which may develop in Latin America.

Steady A

It WAS JUST ago that I day evening watched the onslaughts, we had news, or else it to us. TH our homes ing dispatch How long to keep up sets, intent miss the sl much longer is a limit to will take. A on with our in the home And now war or pea solved, now actually is relax the te learn to tak By that we should of battle; I trality of voked by I fically disav The reason American sympathies What I d self-preserv our indivi rumor. We stant scour invite when bulletin th shall have war worda day and n pressure so and propa organize h get his rat carry on w more impo to keep hi world. What go business. over the cities beyo activities cept for th definitely the German their piers. I suspect For the business been able shock. It

THE TRADING POST

Steady All!

IT WAS JUST A MONTH more than 25 years ago that I stood in Park Row on a Sunday evening, one of a dense crowd that watched the newspaper bulletins report the onslaught of a world war. In those days, we had to go downtown for our war news, or else wait for the papers to bring it to us. There was no radio to flash into our homes instant word of each succeeding dispatch.

How long, I wonder, shall we be able to keep up this hovering over our radio-sets, intent from hour to hour lest we miss the slightest morsel of news? Not much longer, I surmise. After all, there is a limit to the punishment that nerves will take. And some of us do have to get on with our work, whether in the office or in the home.

And now that the great uncertainty of war or peace has been so unhappily resolved, now that war in its stark ugliness actually is upon the world, we had better relax the tension of the recent weeks and learn to take developments in our stride.

By that I don't mean to suggest that we should be indifferent toward the tide of battle; I am not speaking for a "neutrality of thought," so unfortunately invoked by President Wilson and so specifically disavowed by President Roosevelt. The reason and the conscience of each American will determine his personal sympathies.

What I do mean is that, as a matter of self-preservation, we shall have to curb our individual cravings for news and rumor. We shall have to evade the constant scourging of our emotions that we invite when we strain to catch every new bulletin the instant it is released. We shall have to remember that most of the war wordage that is being pumped at us day and night from a battery of high-pressure sources is but rumor, repetition and propaganda. Each of us will have to organize his own habits so that he can get his ration of news regularly and yet carry on with his day's work—and, even more important, so that he can manage to keep his balance in a nerve-racked world.

What goes for the individual, goes for business. As I look out of my window over the city and the Hudson and the cities beyond, I see most of the customary activities going on about as usual. Except for the French and British ships, indefinitely moored to their piers, and for the German ships that are *not* moored to their piers, it all looks quite normal. And I suspect that is typical of other cities.

For the country as a whole, most of the business and economic functions have been able, this time, to discount the shock. It has not come out of a blue sky

after generations of world peace, as it did in 1914. The experience of war and the threat of more war now are part of the working equipment of many responsible business executives. They are better prepared than they or their predecessors were in 1914.

So there is no reason for abrupt or panicky shifts in management policies. In a very few cases, some immediate adjustments will be needed. In more cases, the march of events may later demonstrate a need for some changes. But at the moment, our chief concern should be to keep our operations as nearly normal as possible, yet flexible enough to meet any emergency. Above all, we shall be wise to reveal in all our activities a poise and deliberation that will upset as little as possible those with whom we have occasion to do business, whether they be customers or suppliers, employers or employees, superiors or subordinates. Our greatest need, while we take stock of what is happening abroad, is a sense of stability and steadiness at home.

For National Unity

ANOTHER THOUGHT is injected into these reflections by the President's radio address of Sunday night. He made what he called a "simple plea that partisanship and selfishness be adjourned; and that national unity be the thought that underlies all others." The President can be sure that his plea will find an echo in every American mind and heart.

And now it becomes necessary to implement that statement of principle. If it is to become more than a mere hope, it must be translated into policy and practice.

Obviously, national unity can be maintained only on a truly national policy, one that reflects the views and conserves the interests of the whole nation. Obviously, too, an adjournment of partisanship implies the adoption of policies that respect the views and interests of all parties. For we cannot hope to adjourn partisanship or establish national unity on policies that take into account only the views and the interests of some particular party or faction. Unlike national unity in some other countries, American unity cannot be established by authority alone.

If we are to have an adjournment of partisanship and the national unity for which the President so justly pleads, we must draw upon all the elements that are available to help a democratic government formulate national policies that will truly represent the national will. For such policies, thus determined, are the only sure foundation for the national unity the President invokes. **W.T.C.**

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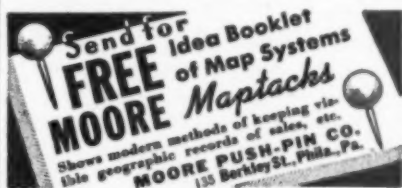


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September 9, 1939

In War, Prepare for Peace

THE STOCK MARKET this week clearly indicated how unpredictable are the consequences and eventualities of war. The experience of 1914 would have suggested—and quite logically—that shares would go down under the impact of nervous European liquidation. But no. Instead of a wave of selling, there was a wave of buying.

There is an explanation for this performance. It is not irresponsibly speculative. For months now, common stocks have been heavy with the pressure of foreign affairs; they have not been reflecting domestic business conditions and potential corporation earnings based on those conditions; they have been selling on the basis of domestic conditions less fear-of-war. But once the worst that speculators and investors feared had happened, stocks immediately began to sell on a domestic basis with a bonus of war profits thrown in!

Commodities, too, had their war fling—in anticipation of a stepup in European demand and a stepdown in European production. Indeed, all markets reacted with a tremendous sense of relief. At last the suspense was over.

But now, the initial verdict of the marketplace is bound to give way to sober considerations of sober things yet to come.

There will be certain profits in certain industries, of course. There will be a substantial rise in farm income and some correction of the maladjustment between agricultural and industrial incomes. And in a world which has been suffering from an oversupply of basic commodities, decreased production will help to establish a better supply-demand relationship.

THOSE, HOWEVER, ARE THE IMMEDIATE—the shorter term—effects of the war. The longer-term consequences will be more subtle in their action on the American economy; more difficult to detect in their operation; and more treacherous in their ultimate significance. For war inevitably means dislocations in industry and trade—dislocations which will persist long after the signing of a new peace treaty.

We must remember that we were lucky last time. Two economic opportunities cushioned the post-war collapse in America: (1) A terrific demand for housing, after the war-years neglect, produced a building boom and (2) America became a nation on wheels. The expanding automobile industry provided jobs for returning soldiers, caused a tremendous development of numerous supply industries, led eventually to the

suburbanizing of the United States with all that went along with it—highways, filling stations, etc.

Those two developments were the foundation for the boom of the 'twenties, and the resultant "prosperity" tended for a time to obscure the basic maladjustments and mistakes of the war and post-war periods—the excessive application of land to agriculture; the exchange of American goods and services for foreign promissory notes that were not paid; overproduction of plant and big-city office space.

AND DURING THIS WAR, such maladjustments (though not necessarily identical) will occur again. We will tend to overbuild certain types of industrial plants, adjusting our economy to war, not peace. Indeed, our own government has already embarked on a war preparedness budget, which means that when the peace is made and there is another "spell" of disarmament, those industries and those workers that thrived on war will lose their livelihood. Too, there will be another false boom in America's agriculture, as this nation once again becomes the world's food basket.

There will be numerous price dislocations, too. Certain commodities, because of urgent and special demand, will soar far beyond their average year-in and year-out levels, while others will be neglected. And after its all over, there will be the trying readjustment—liquidations, bankruptcies, disemployment.

In looking ahead—before it is too late—we should bear in mind that wartime orders put pressure on the business man to expand plant, lay in new machinery, stock up on inventories. We should note also that banks—laden with excess reserves—will be inclined to make credit easy. It is essential now to realize that in war time it is just a bit too easy to be seduced away from fundamentals, and the order of the day for the individual business man is: Don't bite off in war what you can't swallow in peace.

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